Austria	Sch24	Indonesia	Rp3100	Philippines	Peso40
Bahrain	Din0.760	Iran	Rls230	Portugal	Esc150
Belgium	BFr55	Israel	Shk3.50	Qatar	QR8.50
Cyprus	C£0.90	Italy	L2000	S.Arabia	SR7.00
Denmark	DKr12.00	Jordan	Fils1000	Singapore	S$4.10
Egypt	E£3.25	Kuwait	Fils.500	Spain	Pta165
Finland	FM8.50	Lebanon	L£600.00	Sweden	SKr12
France	FFr7.50	Lux	LFr55	Switz	SFr2.60
Germany	DM2.50	Malaysia	M$4.25	Thailand	Bt50
Greece	Dr150	Morocco	Dh6.00	Tunisia	Din0.800
Hong Kong	HK$12	Neth	Fl3.25	Turkey	L1400
Hungary	Ft167	Nigeria	Naira10	UAE	Dh7.00
Iceland	IKr160	Norway	NKr12.00		
India	Rs15	Oman	OR1		

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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Friday May 4 1990

D 8523A

THE BRADY PLAN
New money, old obligations
Page 19

World News

UK to put own plan on monetary union for EC

Britain is to make new proposals for European economic and monetary union as an alternative to the plans for a single currency and central bank favoured by its European Community partners.

The initiative intensified speculation that Prime Minister Margaret Thatcher has accepted that Britain should take up full membership of the European Monetary System. Page 20

Poll swing tipped

Britons voted in local elections across the country in what is expected to be a massive rejection of the controversial new Community Charge – marking a new low for the Tory Government. Page 20

Kashmir summit

India said it was willing to accept Pakistan Prime Minister Benazir Bhutto's offer of a summit meeting on Kashmir, but that there should be no conditions.

No deal on hostages

British Prime Minister Margaret Thatcher forcefully reaffirmed the Government's refusal to consider any deals to free the four British captives. Page 20

African progress

Optimistic government and African National Congress leaders said they were making progress in bridging their differences and working toward full-scale negotiations on ending white rule.

French racism law

The French Government moved on to the offensive against Jean-Marie Le Pen and his extreme right-wing National Front party, with a new law strengthening the penalties for racial discrimination and other racist offences. Page 3

Escape thwarted

Hong Kong's security forces used tear gas to beat back a crowd of 50 Vietnamese boat people who were trying to escape from the colony's overcrowded and tense Whitehead detention centre. Page 4

Europe warned

Indonesia said attempts by western Europe to isolate the internationally vilified Khmer Rouge guerrillas could ruin chances of peace in Cambodia.

Clashes kill six

United Nations peace envoy Alvaro de Soto arrived in El Salvador hours after clashes between leftwing guerrillas and government forces left at least six dead and 17 wounded.

Resupply refused

The Goddess of Democracy radio ship left Singapore with its course uncertain after Hong Kong refused it permission to resupply on the way to make anti-communist broadcasts to China.

Observer call

A leader of Colombia's left-wing M-19 rebels called on the United Nations to send election campaign observers to Colombia after the murder last week of an opposition presidential candidate.

Business Summary

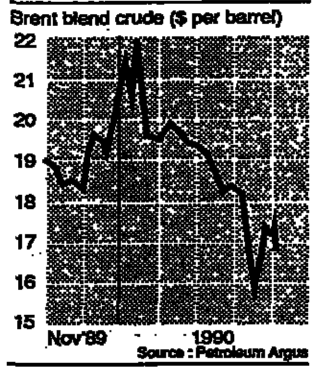
Rolls-Royce and BMW in aerospace venture

BMW, the luxury car producer, is teaming up with Rolls-Royce of the UK in a joint aerospace venture that marks a modest, but significant move to the original sector of the West German company. The Munich-based company, which raised group profits last year to DM558m ($333m), said it had bought the aero-engine subsidiary of KHD, the German engineering company, which has just completed a restructuring programme after heavy losses, Page 21

OIL prices fell steeply despite promises of a big cut in oil production by OPEC. Brent oil for June delivery closed off 67½ cents to $16.75 a barrel, Commodities, Page 36

Oil price

Brent blend crude ($ per barrel)



SAINT-GOBAIN, Europe's largest glassmaker, agreed to pay £96.5m ($157.44m) for Solaglas, a UK building glass producer and distributor, in French company's second big takeover in just over a week, Page 21

STOREHOUSE chairman, Sir Terence Conran, founder of Habitat, the British furnishings store, is stepping down as head of the retailing empire, Page 10

GENERAL MOTORS and Ford, two largest US car manufacturers, have reported steep drops in first-quarter net income. Page 24

SOUTH KOREA'S stock market rebounded strongly after the Government announced its toughest plans yet to crack down on real estate speculation and provide new funds for investment, Page 4

WORLD BANK has proposed a new environment fund of $1bn-$1.2bn over the next three years to help deal with cross border environmental problems. Page 8

OECD countries are negotiating a new agreement that will not discriminate against foreign enterprises operating in their territory, Page 8

IMF directors have moved closer to resolving the technical issues holding up agreement on an increase in the IMF's resources, Page 8

IRAN-US talks in The Hague have edged closer to a pact on financial claims arising from the 1979 Iranian Revolution, Page 4

MEXICO'S stock market index rose 4.6 per cent in a ringing endorsement of the government's decision to privatise the commercial banking system, Page 24

FINANCIAL TIMES will not be published on Monday which is a public holiday in Britain.

Bush reverses European short range missile stance and calls for Alliance summit

Nato agrees heavy nuclear cuts

By Robert Mauthner in Brussels, Peter Riddell in Washington and Philip Stephens in London

NATO foreign ministers yesterday approved in principle a US plan which could lead to the abolition of most of the remaining US land-based nuclear missiles in Europe.

The main outlines of the proposals, announced by President George Bush yesterday but to be formally outlined in a speech in Oklahoma today, were presented to a special Nato council meeting in Brussels by Mr James Baker, the US Secretary of State.

In a complete reversal of previous US policy, brought about by the fundamental changes in Europe, Mr Baker said the US would "terminate" the project to replace the ageing Lance short-range missiles in Europe, a final decision on which was not due to have been taken until 1992.

Nuclear artillery shells destined for Europe would not be modernised and an accelerated timetable would be proposed by President Bush for bilateral negotiations with the Soviet Union on the reduction of short-range nuclear missiles stationed in Europe.

Mr Baker said this meant that Washington was prepared to open negotiations with Moscow on short-range nuclear weapons as soon as agreement was reached in Vienna on the reduction of conventional forces. Previously, the US had tied the opening of such negotiations to the implementation of a conventional forces agreement.

Mr Bush is today expected to include the probability that US conventional forces stationed in Germany and elsewhere in the central front of Europe will be less than the ceiling of 195,000 on each side provisionally agreed with the Soviet Union in February.

James Baker, US Secretary of State, and British Foreign Secretary, Douglas Hurd

The planned speech has already prompted dismay in Downing Street. Mrs Margaret Thatcher, along with other European leaders, has been briefed in advance on the speech. Her view is said to be that any further reduction in US troop levels below the 195,000 envisaged could threaten the cohesion of the Nato alliance.

The broad European context of Mr Bush's planned remarks was also being seen in Whitehall as further evidence that the special relationship between Washington and London has now been significantly eroded.

On the question of the Nato summit, which will take place in London at the end of June or the beginning of July following the meeting between the US and Soviet leaders in a month's time, Mr Bush said it would "launch a wide-ranging strategy review for the transformed Europe of the 1990s."

Both he and Mr Baker said the US wanted the Nato summit to discuss four key questions:

- Ways of enhancing Nato's political role and mission, particularly how it could help to consolidate democracy and the free market system in Central Europe.
- What conventional forces the Alliance would need in the future in the light of unilateral Soviet troop withdrawals in central Europe and the outcome of arms control negotiations.
- The future role of nuclear weapons in Nato's military strategy, while recognising that there would be a continued need for an "appropriate mix" of nuclear and conventional weapons.
- The strengthening of the 35-nation Conference on Security and Co-operation in Europe (CSCE).

Mr Baker stressed that the US did not look on the CSCE as an alternative to Nato but as a complement, while Mr Bush said that the CSCE could help to build free societies and provide a forum for political dialogue in a united Europe.

The Nato ministers agreed in principle that a CSCE summit should be held in Paris at the end of the year and that preparatory work for this meeting should start in Vienna in the summer.

However, both Mr Baker and Mr Douglas Hurd, the British Foreign Secretary, stressed that the CSCE summit should be held only on condition that a conventional forces agreement had been completed and was ready for signature by that time. The ministers had agreed that a direct link should be established between the two.

Despite previously strenuous attempts by the British Government to replace the Lance missiles, Mr Hurd said "we have no quarrel with President Bush." Everyone agreed that the Alliance's stance had to be updated and that this required taking a new look at the composition of its military equipment, including nuclear weapons.

Mrs Thatcher has always been one of the strongest proponents of the maintenance of short-range nuclear arms in Europe. However, recent talks with President Bush, coupled with the prospect of German unification, appears to have prompted a modification of her position.

In this context, several ministers noted that the Soviet Union had recently been dragging its feet in the conventional forces talks in Vienna. Nato had to keep up the pressure on Moscow to maintain the momentum of the negotiations, it was generally agreed.

US urges talks between Moscow and Vilnius

US President George Bush yesterday urged both the Soviet Union and Lithuania to pursue negotiations to try to resolve the crisis over the republic's future, write Robert Mauthner and Peter Riddell.

Mr Bush, however, avoided any promise to recognise the Lithuanian Government after he had talks with Mrs Kazimiera Prunskiene, the Lithuanian Prime Minister, to hear a first-hand report of the republic's struggle for independence.

He described as "very, very positive" the guardedly favourable response by Mr Vytautas Landsbergis, the Lithuanian President, to the Franco/German call for restraint and the suspension of the declaration of independence.

Stressing his support for self-determination, Mr Bush said he was delighted that Mr Landsbergis "now feels there may be some merits in a policy of dialogue."

Earlier at a press conference in Washington, Mr Bush expressed concern about the domestic pressures on the Soviet president.

In his frankest comment to date, he said there were some quite disturbing developments: "I sometimes do worry about a military resurgence of some kind inside the Soviet Union."

However, the US said yesterday it had no intelligence to support Nato reports of a possible attempted coup against President Mikhail Gorbachev in late February.

Mr James Baker, US Secretary of State, speaking in Brussels after a Nato summit, threw cold water over a statement by a senior Nato official that the Soviet Army had adopted a threatening posture against Mr Gorbachev in February.

The official, described as "a relevant Nato Sovietologist," told journalists that some 3,000 to 4,000 Soviet troops stationed on the outskirts of Moscow had been issued with mortars and automatic weapons during a pro-democracy demonstration in Moscow on February 26.

Some observers had interpreted this event as an indication that the military were preparing to move against Mr Gorbachev.

After praising what Mr Gorbachev had done, Mr Bush brushed aside the public protests in Red Square against Mr Gorbachev and other Soviet leaders during Tuesday's May Day parade.

The parades were "the fruits of democracy," Mr Bush joked. "He's just learning. He ought to join some of the parades I go to around here."

Nevertheless, senior US officials are concerned about the domestic pressures on Mr Gorbachev from the military and other elements in the Soviet Union in the light of the Lithuanian crisis and ahead of the the summit between Mr Bush and Mr Gorbachev in Washington at the end of this month.

The increasing domestic pressure on Mr Gorbachev was the subject of a discussion at the Nato Council.

Mr Douglas Hurd, the Foreign Secretary, in particular, expressed concern about the state of "disintegration" of the Soviet Union and the possibility that the leadership might be undermined at the Soviet Party Congress in July.

Latvia to reassert independence, Page 2

Banks sue Peru to recover at least $2bn of debts

By Alan Friedman in New York

A GROUP of international banks led by institutions such as Bank of America and Citibank have launched a series of highly unusual lawsuits against the Government of Peru to recover at least $2bn of debts.

The lawsuits, which present a challenge to the co-operative approach to international Third World debt strategy, are thought to be the largest such legal actions undertaken against a sovereign government.

They come at a delicate time because Peru faces a presidential run-off election next month between Mr Mario Vargas Llosa and Mr Alberto Fujimori. A new government is not due to take over until July 28.

Some banks filing the suits are hopeful that an agreement between the new government and the banks would be possible without resorting to the courts.

While the suit will be seen as flying in the face of a co-operative debt strategy, bankers said they were forced to file to preserve their right to redress which would otherwise have disappeared due to the US statute of limitations.

Any resolution of the suit would be a long way off; it would involve interpretation of the US law over whether sovereign governments could be sued.

Peru has been in default on its debt since 1984 and the legal actions were triggered by the failure of the banks and Peruvian authorities to agree on a waiver or extension of the six-year US statute of limitations.

Banks are generally reluctant to take the extreme action of suing a debtor nation, which carries with it the implicit threat of attaching state-owned assets such as airlines.

The Bank of America-led suit for $1.2bn, which includes as plaintiffs Citibank, Bank of Nova Scotia, Bank of Tokyo, Chase Manhattan, Chemical Bank, Credit Lyonnais, Manufacturers Hanover Trust, Midland, JP Morgan and Wells Fargo, is the biggest of the 11 suits involved.

The main lawsuit, filed on March 2 in a US district court in New York, calls for the immediate repayment of $1.2bn of principal under the original terms of the loans. A hearing will be held in New York on Monday.

"Arrears encouraged", Page 3; Reworking the plan, Page 21

Sharp first quarter profits fall sends Philips shares sliding

By Laura Raun in Amsterdam

SHARES in Philips plunged by 12 per cent yesterday after the big Dutch electronics group announced that earnings from normal business operations were virtually wiped out in the first quarter of 1990.

Net operating income at Europe's largest electronics group plunged to Fl 6m ($3.17m) from Fl 223m a year earlier, owing largely to losses in information systems and foreign exchange conversions. Mr Henk Appelo, group director for accounting, admitted that management was "astonished" by the drastic drop.

Investors, too, were stunned, marking the shares down Fl 4.10 to Fl 33.60 on the Amsterdam Stock Exchange, where the stock was the most actively traded. The news was the second big blow this week for the Dutch market – on May Day DAF, the Dutch truckmaker, warned it expected a loss for the first half of 1990.

As a result of the first-quarter plunge and the outlook for the rest of the year, Philips also lowered its forecast for the whole year, saying "it will be very difficult to improve on the 1989 figure for net income from normal business operations."

In March Philips had forecast that net income from normal business operations in 1990 would surpass the Fl 792m achieved in 1989.

Mr Appelo said top executives had held urgent meetings in recent days and foresaw "continuing unfavourable exchange rates and high interest rates."

Philips' earnings from normal business operations were the lowest quarterly results since the fourth quarter of 1987, when a Fl 6m loss was posted.

Mr Appelo predicted an improvement in the second half of the year. He indicated that integrated circuits, which are also losing money, would recover before information systems, which are suffering because of the downturn in the computer industry.

"Information systems are the critical point," he acknowledged, adding that Philips is talking to Olivetti of Italy, among others, about possible co-operation in computers. The information systems sector needed to be put in order before any agreement is reached, he noted.

It was owing only to a big special gain from the sale of Philips' European defence activities that final net income rebounded in the first quarter from Fl 223m to Fl 336m. Overall sales were relatively flat.

To reduce currency risks Philips is seeking a better spread of production facilities and balance of production and sales, Mr Appelo explained.

When asked whether the Dutch electronics group could better protect itself against currency and interest rate movements with options and futures, Mr Henk Goris, group director for finance, noted that such financial instruments were expensive. Mr Appelo also said Brazil's draconian economic reforms are hitting Philips' operations in that country.

Lex, Page 20; Full results, Page 22

Weekend FT

Tomorrow: After massive foreign aid, why is the spectre of famine haunting Ethiopia once again?

●

A civilised weekend in France

CONTENTS

How the British Labour Party came back from the dead

The British Labour Party, after an 11-year spell in opposition from which many thought it might never escape, is now seen as a government-in-waiting. Under Neil Kinnock (left) it has been transformed. Page 20

MARKETS

STERLING
New York lunchtime:
$1.643
London:
$1.643 (1.6435)
DM2.7625 (2.765)
FFr9.2675 (9.2725)
SFr2.39 (2.3925)
Y259.75 (260.25)
£ index 87.0 (87.1)

GOLD
New York: Comex Jun
$373.1
London:
$370.5 (370.25)

N SEA OIL (Argus)
Brent 15-day Jun
$16.75 (17.425)

Chief price changes yesterday: Page 21

DOLLAR
New York lunchtime:
DM1.6813
FFr5.641
SFr1.4543
Y158.10
London:
DM1.682 (same)
FFr5.641 (5.6425)
SFr1.4545 (1.455)
Y158.10 (158.30)
$ index 68.3 (same)
Tokyo market closed

US lunchtime rates
Fed Funds 8⅛%
3-mo Treasury Bills:
yield: 8.120%
Long Bond:
95 1/16
yield: 8.970%

STOCK INDICES
FT-SE 100:
2,134.9 (−2.7)
FT Ordinary:
1,676.6 (−1.4)
FT-A All-Share:
1,056.31 (−0.1%)
New York lunchtime:
DJ Ind. Av.
2,704.95 (+15.31)
S&P Comp
336.91 (+2.43)
Tokyo market closed

LONDON MONEY
3-month interbank:
closing 15 5/32% (15 11/32)
Liffe long gilt future:
June 78 13/32 (77 23/32)

West German employers offer 35-hour week

By David Goodhart in Bonn

ABOUT 230,000 West German engineering workers took part in another rash of warning strikes yesterday as signs emerged of a compromise in negotiations over pay and shorter hours.

Employers for the first time offered a further two-hour cut in the working week to 35 hours. They were still insisting on several conditions unacceptable to the I G Metall union but they have not, significantly, taken legal action over a technical breach of labour law during the strikes.

The compromise offer is modelled on a 1960 agreement which, over five years, reduced the working week from 44 to 40 hours. However, it is uncertain whether I G Metall will be prepared to wait until 1995 for the 35-hour week or whether it will accept the employers' demand for a delay in introducing the reduced hours in the event of significant changes in the economic situation.

Despite the more positive tone of the negotiations, a complete breakthrough may yet be some way off. Next Tuesday the union executive may decide, for tactical reasons, to rule that the negotiations have failed and start strike votes in selected regions – probably Hamburg and Stuttgart.

The annual Hanover Trade Fair has not, as might have been expected, been overshadowed by the negotiations and most business leaders there seem confident of an agreement.

Mr Tyll Necker, head of the main West German employers' organisation, made no mention of the dispute in his main address in Hanover which concentrated on business relations with East Germany. He said the decision to convert wages at one D-Mark to one East Mark would cause great problems in many East German firms and appealed for wage flexibility.

He said East German companies were heavily overvalued, in their own accounts, compared with their West German counterparts, and that it was important to get a proper valuation before privatisation was attempted.

● Industrial production in West Germany fell by 0.5 per cent between February and March, according to a preliminary estimate by the Economics Ministry. The ministry believes the eventual figure will show a rise of 1.5 per cent.

Air missile plans expected to provoke Nato dispute

By David Marsh in Bonn

PROPOSED changes that emerged yesterday in Nato's nuclear arms policy herald a potential dispute between West Germany and the alliance's nuclear weapon states over plans to deploy air-launched nuclear missiles on aircraft based in the Federal Republic.

The plans for air-launched missiles, backed by the US and Britain, have been discussed for more than a year in defence circles. However the suggestion of introducing a Tactical Air-to-Surface Missile (TASM) has taken on new significance in view of rapid moves towards German unity and Nato's decision to shelve modernisation of the Lance short-range land-based missile.

Bonn officials said yesterday that the West German Government wants to avoid any premature debate about stationing new missiles. Although there is no direct link to the "two plus four" talks on German unity here tomorrow, Mr Hans-Dietrich Genscher, the Foreign Minister, is going out of his way to reassure Moscow that a united Germany will not add to Nato's military strength.

Officials close to Mr Genscher say that, in view of the decision that a Lance successor is no longer necessary, now is the wrong time for a fresh discussion about new missiles.

Bonn believes that Moscow is more likely to give blessing to a united Germany remaining in Nato if the alliance changes its nuclear strategy to lower the threat to Moscow. A decision on bringing on a new air-launched missile with a range of about 400 km and the capacity to strike deep into Soviet territory, would therefore send Moscow the wrong signals.

Bonn officials say West Germany wants to start talks as soon as possible, perhaps early next year, on eliminating totally land-based Nato and Warsaw Pact arsenals of short-range nuclear missiles in Europe. Here, the Soviet Union is thought to have an advantage of about 13 to 1.

Bonn's policy has therefore moved on from its earlier wish simply to reduce stocks of these missiles to "common ceilings." The shift in policy is explained by the fact that most short-range Soviet missiles in Europe are stationed in East Germany, which stands to become formally reunited with West Germany in the near future.

The US, which has been highly supportive of Bonn's policies over German unity in the last six months, is not expected to seek a confrontation with the Germans over the nuclear missiles.

However, the question of TASM deployment is expected to be discussed next week at a meeting of Nato defence ministers in Canada. Mr Gerhard Stoltenberg, the Bonn Defence Minister has so far pointedly avoided any firm position, however, on the new air-launched missile.

● Poland appeared to make little progress in getting the two German states to agree to initial a treaty guaranteeing its western frontier before unification in a tripartite meeting yesterday, writes Christopher Bobinski in Warsaw.

However, a communiqué issued yesterday after 2½ hours of talks between senior foreign ministry officials from the three countries said a further meeting would be held soon in Bonn.

The communiqué added that the Polish side had outlined its draft of a treaty regulating the frontier issue while the Germans presented the resolutions of their respective parliaments dropping any future claims on Polish territory. The Germans are arguing that only a united Germany can enter into a frontier treaty with Poland.

Bonn speculates about unification this year

SENIOR members of the West German Government are now speculating about the possibility of unification this year and the first all-German election in January next year, writes David Goodhart.

Mr Volker Rühe, general secretary of the Christian Democrats and one of Chancellor Helmut Kohl's closest advisers, said yesterday that he did not rule out the possibility of a merger this year and added this would make a postponement of West Germany's December general election conceivable. Mr Kohl (pictured left at yesterday's cabinet meeting which discussed the issue) has hitherto insisted that there would be no postponement of the December election and talked of unity and an all-German election in 1991.

Latvia to reassert independence today

By John Parker in Moscow

THE LATVIAN parliament meets to reassert its independence today amid further nationalist challenges to the authority of Soviet President Mikhail Gorbachev.

The mounting pressures were underscored yesterday by more violence in Soviet central Asia, by plans by radical democrats to adopt a new Union treaty, and by a call for the "full sovereignty" of Russia itself by a meeting of peoples' deputies in the Urals, the Russian industrial heartland.

The Latvian parliament opened yesterday with a day devoted largely to procedural matters. However, leaders of the Popular Front said they were confident of winning the necessary two-thirds majority for their complicated independence formula.

This seeks to minimise the embarrassment to Moscow by reinstating only four provisions of the pre-Soviet constitution and by confirming most existing Soviet laws. The Popular Front thus hopes to avoid disrupting its existing negotiations with Moscow, under which it has been offered an ill-defined "special status," by ignoring the most contentious problems, such as an end to conscription.

Latvia has been more cautious than the other Baltic republics because only half its population is native Latvian. However the alliance of all three Baltic states was underlined by the presence in Latvia yesterday of the Lithuanian president, Mr Vytautas Landsbergis, who said he was there "to be with my brothers."

In addition, Estonia's Prime Minister, Mr Edgar Savisaar, yesterday came under attack from the Soviet news agency Tass for defying the Soviet blockade of Lithuania. Tass said he had ordered Estonian railways to continue deliveries to the breakaway republic. The Lithuanian health minister said his people were now running out of medicine.

The most violent outbreak in central Asia this year yesterday disrupted the Uzbek city of Andizhan in the Fergana Valley where more than 100 people died in riots last summer.

The immediate cause was not ethnic tension but football: young men went on the rampage after a visiting team failed to show up for a match. Reports, however, said the men had turned their fury on Russians, Armenians, Jews and the Communist Party headquarters.

Further pressure on Mr Gorbachev to loosen the Kremlin's control over the republics is likely to come today in Kiev, the capital of the Ukraine. A group of radical reformers called the Citizen's Action Committee meets there to discuss alternatives to a current Union treaty. One of the people invited said they wanted "a kind of British Commonwealth, a free association of sovereign states."

The group embraces leading Social Democrats, including Mr Yuri Afanasiev, a member of the Inter-Regional group of radical deputies.

Telecoms in Ecu1.7bn EC share-out

By Tim Dickson in Brussels

ENERGY networks, telecommunications, rural development schemes and labour market initiatives will all benefit from a new Ecu1.7bn (£1.26bn) share-out from European Community "structural funds".

The latest set of projects, announced in Brussels yesterday, follows a fierce battle between Commissioners over how to allocate the available resources.

The money is what was left of the Ecu55bn structural fund "kitty" agreed at the February 1988 summit of EC heads of Government, most of which has been allocated to member states through so-called Community Support Frameworks (CSFs) on the basis of the EC's five fundamental economic and social objectives. EC countries came forward with ideas for CSFs, while the Commission was given responsibility for deciding priorities for the remainder.

A total of Ecu700m has been earmarked for what can broadly be called infrastructure purposes, including projects to strengthen gas networks in Portugal, Greece and Ireland, and energy links between Italy and Greece, and Italy and France; extra money for the Star telecommunications programme; and special support to help small businesses in peripheral regions cope with the challenge of the single market.

The second broad target is "human resources", for which the Commission has set aside Ecu600m up to 1993 to pay for a variety of employment initiatives, including better opportunities for women and special help for the disabled.

Rural tourism and leisure activities will be encouraged under the measures and the budget of Ecu400m agreed for rural development.

This week's decision, which follows a similar set of initiatives agreed by the Commission in November, was a disappointment for Commissioners hoping to get a bigger slice of the funds.

Mr Carlo Ripa di Meana, EC Environment Commissioner, feels, for example, that more EC money could be spent on anti-pollution projects.

Delors' Efta doubts

Differences among European Free Trade Association members and requests for exceptions from EC rules could make it hard for the two groups to agree on economic co-operation, EC Commission President Jacques Delors said yesterday, Reuter reports from Copenhagen. He said Efta's structure should be reinforced to make discussions easier.

David White, Defence Correspondent, on two sides of the disarmament dilemma

Nato searches for a new short-range strategy

WHOLESALE changes in Nato's policy on tactical nuclear weapons will be discussed by defence ministers next week. They are taking their rapidly evolving nuclear dilemma up into the Canadian Rockies, at Kananaskis, west of Calgary.

Rooms at the village, part of the facilities for the mountain events of the 1988 Winter Olympics, have been made unavailable to anyone from the media, who will have to stay an hour's drive away. The nearby downhill slopes of Fortress Mountain will justify their name.

Planners were until now not envisaging an early announcement on new policies superseding a tortuous compromise reached a year ago by Nato heads of government. One senior diplomat at Nato admitted recently that "the preference is to keep the short-range nuclear forces issue murky." But now the decisions are rapidly materialising.

The core of the dilemma is no longer whether to preserve ground-launched weapons with nuclear warheads in western Europe, but how to ensure that the restructuring of Nato's forces – to almost exclusive reliance on air-launched weapons – keeps some nuclear arms based in West Germany.

Mr James Baker, the US Secretary of State, confirmed to allies yesterday that plans for replacing Lance, the only short-range nuclear missile in Nato apart from France's independent weapons, were being dropped.

The US has been able to present as its own initiative a move virtually forced on it by three factors: The ever-greater certainty that new ground-based weapons are unacceptable to Germany; the need to be seen to be responding to the political changes in eastern Europe, and the unlikelihood of Congress approving $112 worth of funding for the next fiscal year to develop a Lance follow-on.

Congress is reluctant to fork out money for negotiating tools as it did for European deployments of intermediate-range missiles, costing around $12bn, before the 1987 treaty scrapping them.

The first signal of an about-turn on the Lance follow-on (Nato was to decide in 1992 whether to deploy it) came with an order to the US Army Missile Command not to issue a final "request for proposals" for the new missile system.

Proposals backed by the US also involve the reduction or elimination – as some European allies have been pressing for – of nuclear artillery. This, with the replacement of bombs by nuclear-tipped guided missiles launched from aircraft, would allow for a drastic reduction in the approximately 4,000 tactical nuclear warheads left in Nato hands in Europe after the INF reductions.

This total, which is already 3,000 less than the peak reached in the late 1970s, is made up of about 700 ageing Lance missiles and, in roughly equal proportion, artillery shells and bombs.

At its Brussels summit last May, Nato set specific conditions for negotiations on short-range nuclear weapons. They would be tied to implementation of a conventional arms treaty and would be limited to "a *partial* [the word is underlined in the text] reduction of American and Soviet land-based nuclear missile forces."

The UK fought hard for language ensuring that some land-based weapons would remain. But senior British diplomats accept that "the objective situation has changed." By the mid-1990s, when the Lance missiles would have been replaced, the withdrawal of Soviet forces means that most of the targets for these weapons will have gone.

Nato planners were working more than a year ago on a potential 50 per cent cut in artillery warheads. But those plans, which would have been the result of the longer ranges of new 155mm shells and the Follow-On To Lance (FOTL), have been overtaken.

Questions remain as to how much should be eliminated unilaterally, how much reserved for negotiations, and when negotiations should start. British officials have argued that they should await ratification of a Vienna conventional arms treaty, which would mean mid-1991 at the earliest, but others say they could begin earlier.

Nato's aim is to insulate air-launched weapons – or Tactical Air-to-Surface Missiles (TASM) – from this process. These are really intermediate-range weapons. According to the British-American Security Information Council, a research group lobbying against new nuclear deployments, US plans have been made for storing them at five German locations as well as in the UK, Turkey, Italy, Belgium, the Netherlands and Greece.

Senior diplomats at Nato warn that if the principle of multiple basing is undermined the alliance will face "deep trouble." The West German opposition Social Democrats (SPD) say that a united Germany can stay in Nato but only if nuclear weapons are removed. The Soviet Union is pressing strongly for de-nuclearisation. If Bonn refuses the new air-launched missiles, other European countries will follow, the diplomats say.

Without nuclear weapons to back up US forces, pressure within the US for troop withdrawals would mount, and that, they say, would mean the collapse of Nato's integrated military structure and the transformation of Nato into a "paper alliance."

Start talks stumble towards a summit climax

IN THE afternoon of every other working day a small cavalcade of official cars sweeps down the hill from the US mission in Geneva to the Soviet mission. On the other days it is the same in reverse.

Mr Richard Burt and Mr Yuri Nazarkin, chief negotiators in the Strategic Arms Reduction talks, have been meeting like this for about three weeks. Up to then, top-level encounters had been intermittent since the negotiations were launched anew five years ago.

Time is running out for agreement on the main points of a treaty for Presidents Bush and Gorbachev to endorse at their summit starting on May 30. That would enable a detailed treaty to be completed in the following three or four months.

Mr Nazarkin says there is a "good atmosphere" and believes that all major problems can be overcome by the summit. US officials say there is "overwhelming probability" that most issues will be resolved by then.

But they are not yet there. Up to a month ago US officials believed the treaty was all but wrapped up. But after last month's Washington talks between Mr James Baker, US Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister, it became clear that the process had unexpectedly moved backwards.

The main sticking points – how to deal with cruise missiles launched from aircraft and from ships or submarines – had been considered virtually solved. But the arguments resurfaced.

Diplomats in Geneva put this down to several possible reasons, or a combination. It may reflect a resurgence of military influence in the Soviet Union, or potential (and unprecedented) difficulties in the way of ratification by the Soviet Congress of Deputies. Or, as US officials hope, it may be last-minute negotiating tactics aimed at clinching a deal.

If the main items are not all agreed, Soviet officials say it may be possible to present some points at the summit and to try to negotiate the rest afterwards. In any event, it is unlikely that a treaty will be in force much before the end of next year. Ratification by the US Senate is expected to take 3-6 months, and a conventional forces treaty may have to be ratified first.

The two sides are working on what kind of joint statement the summit should make concerning follow-on negotiations. The Soviets want the principles of "Start 2" laid out. In the US, there is also pressure to move quickly to further cuts, but US officials say they need to know what they are going to negotiate. The Administration might also have to wait for Senate ratification of Start 1 unless the Senate asks it to enter new talks before then, they say.

US priority is on securing the achievements of Start 1, which will be the first treaty forcing reductions in strategic nuclear weapons (the ones the US and Soviet Union can use to strike each other) and the first treaty focusing on nuclear warheads as well as missiles. Under the proposed terms, the Soviets would have to destroy a launcher or heavy bomber every 68 hours for seven years, US officials calculate.

The planned treaty is also significant in establishing a regime of short-notice inspections at the most sensitive military installations.

With more than 1,000 pages including protocols and memoranda – of which every word has to be "conformed" in Russian – it will be one of the longest treaties in history.

However, while official US documents continue to refer to "50 per cent reductions in the strategic offensive arms of both sides," the treaty's effects are less drastic. Fifty per cent cuts apply to the Soviet arsenal of heavy SS-18 intercontinental missiles and to the "throwweight" (payload lift capacity) of Soviet long-range ballistic missiles.

A recent Washington Post article created something of a stir by citing figures showing that the Start ceilings – because of what they exclude or the way some weapons are counted – would in theory allow the US just as many strategic warheads as it now holds. This is over twice the 6,000 figure cited in the Start ceilings. The figures, which show the US has been able to plan its force modernisation around the Start treaty, are not challenged by US officials, but the exact totals are secret.

US officials argue that the warheads issue does not make it a bad treaty, and note that the US has moved to more "stabilising" weapons. The US has concentrated on slower systems such as cruise missiles, unsuitable for a first strike because they would give the Soviets time to respond.

Among a series of "secondary" issues still outstanding (such as how long the treaty should last) the main gaps to be bridged are:

● Air-launched cruise missiles. The US proposed counting these for treaty purposes as 10 per aircraft, with eight for current Soviet aircraft. The Soviets say that US B-52 bombers, tested with 12, could with only slight adjustments take 18 or 20, the proposed maximum loading. After backtracking by Moscow there have been hints of a Soviet compromise on similar lines. A difference also remains on the minimum range to be counted. The US, wanting to keep its shorter-range weapons outside the treaty, has cut its minimum from 1,000km to 800km. The Soviets have stuck to 600km. The Soviets want a "package deal" on these two issues.

● Sea-launched cruise missiles. Always one of the toughest subjects, the US has insisted that these multiple-mission weapons do not belong in Start and argued that they cannot be verified without unacceptably intrusive shipboard inspections. Initial acceptance of a US proposal for each side simply to make "politically binding declarations" about planned deployments is believed to have run into military objections. Soviet officials say the "declaratory" approach can provide a solution but only with the prospect of addressing sea-launched weapons more thoroughly in immediate follow-on talks.

The US view is that Start 2 should focus on further cuts in "destabilising" heavy ballistic missiles with multiple warheads. These would begin with mobile, multiple-warhead systems. There have been suggestions of including a ban on these in Start 1, but it is probably too late to do so without delaying a treaty.

The future of Europe's security and the future of Nato will top the agenda at today's summit meeting between Mrs Margaret Thatcher and President François Mitterrand, writes Ian Davidson in Paris. The choice of agenda, proposed by Mrs Thatcher, follows last week's suggestion by Mr Douglas Hurd, British Foreign Secretary, that Britain and France should co-operate closely together in thinking about the future evolution of the alliance. The two leaders are also expected to discuss the follow-up to last Saturday's EC summit, which launched the objective of political union in Europe, as well as the preparation for the several Nato summit meetings expected before the end of this year.

Broadcasting boom in western Europe continues

By Raymond Snoddy

THE STRONG growth in western European broadcasting is continuing despite an advertising recession, and the total income of the business should rise to $23bn (£14.bn) by next year, according to CIT Research, the London communications consultants.

Total income from broadcasting-licence fees, advertising, sponsorship and programme sales rose to $20bn last year. Producing and buying programmes cost $12.2bn last year and this should rise to $15bn by 1993.

In its annual study, The Market for TV Programming in Western Europe, published yesterday, CIT also predicted that the 484,000 hours of programmes broadcast to western Europe's 126m homes would increase by 25 per cent by 1992.

But Mr Rob Ollerenshaw, CIT research executive, warns, that the television picture is not all optimism. "More competition among both programme-makers and broadcasters means revenues are more thinly spread. And pay TV has made severe losses which could last for several years."

Despite an apparently respectable 20 per cent share of the audience in cable and satellite homes in western Europe, the average satellite channel was still getting a mere 0.05 per cent of the total audience, CIT points out.

The Market For TV Programming in Western Europe, 320 pages from CIT Research, 23 Dering Street, Hanover Square, London W1R 9AA. £4,585.

Italian local polls campaign strains ties that bind national coalition

By John Wyles in Rome

ITALIANS go to the polls to elect three levels of local government this weekend after a campaign which needed a grisly series of mafia murders to give it vitality, and which exposed the shifting sands steadily undermining Mr Giulio Andreotti's administration.

Election campaigns always open up fissures in Italian coalitions, and this has been no exception. The importance of the weekend elections is that they will provide both a key pointer to the durability of the nine-month-old Andreotti coalition and the electorate's first verdict on the Communist Party's stately progress towards refounding itself with a new name and remodelled ideology.

But the elections in 6,702 communes, 87 provinces and 15 regions may also reveal the continuing fragmentation of the party system and a deepening disenchantment with the political game as it is currently played. This would be reflected by growing support for regional parties, and increasing blank or spoiled votes.

Many Italians complain that their votes do not change anything because the proportional voting system and the large number of political parties mean that the composition of local administrations will be determined by political horse-trading in the coming weeks.

According to hallowed Italian tradition, the nation's leading political figures have spent most of their time sniping at each other and discussing the future of the coalition line-up, rather than dealing with concrete issues. All the junior governing parties have been strongly critical of the dominant Christian Democrats (DC), arguing that Mr Andreotti's leadership has lacked firmness and direction. Mr Bettino Craxi, the Socialist leader and the coalition's key prop, accuses Mr Andreotti of preferring to make jokes than difficult decisions.

While Mr Andreotti's DC needs to hold its vote at about 33 per cent to maintain its authority over the coalition, Mr Craxi needs around 15 per cent for his Socialists to sustain their credibility as a serious rival of the Communists for the left-wing vote.

The efforts of Mr Achille Occhetto, the Communist leader, to transform his party would suffer a severe setback if its share fell seriously below the 27-28 per cent registered in national and European elections since 1987. The party is campaigning without its hammer and sickle symbol in 200 communes and Mr Occhetto has reportedly set 23 per cent as his minimum objective.

The Communist Party must, therefore, poll its traditional strength in Emilia Romagna, in north-central Italy, while Mr Craxi and the DC must hope to fight off the Lega Lombarda, the Lombardy regional party which took 8.1 per cent in last year's European elections and which draws much of its support from naked and quasi-racist verbal attacks on southern Italians.

The Lega may well derive some benefits from the assassination of ten candidates by the local mafias in Campania (the *camorra*) and Calabria (the *n'drangheta*). These have also served to worsen relations in the governing coalition, particularly between the DC and the small Republican party which has come close to supporting calls for the resignation of Mr Antonio Gava, the Neapolitan Minister of the Interior.

One election which will be watched closely will be voting for the commune of Palermo, whose outgoing mayor, Mr Leoluca Orlando, has led a controversial coalition with the Communists for the past two and a half years dedicated to combating the mafia's grip on the city. Although openly at odds with the current DC leadership, Mr Orlando finally agreed to head a party list whose number two slot is occupied by a candidate supported by local DC politicians suspected of mafia connections. According to the Communists this has destroyed Mr Orlando's ability to continue leading the campaign for the city's renewal.

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EUROPEAN NEWS

Eight car groups in joint venture talks with Skoda

By Kevin Done, Motor Industry Correspondent

SKODA, the Czechoslovak car-maker, is in discussion with eight European and US automotive groups in the search for a joint venture partner to inject finance and technology.

The company has appointed Price Waterhouse, the international business consultants, to advise it in the negotiations, which it hopes to complete by the end of the year.

Skoda, which produced 183,000 cars last year, is one of the main targets for western car-makers seeking an entry into east Europe.

The Czechoslovak motor industry is seen as the most advanced in east Europe, and western vehicle makers are competing to establish joint ventures with both Skoda and BAZ, the Bratislava automotive works, which wants to set up a modern assembly venture for light commercial vehicles.

Mr Richard Gledhill, a partner in Price Waterhouse Privatisation Services, said that the group of eight car-makers would be reduced to a short-list of three or four, probably by the end of the month, to allow the start of "serious negotiations".

The eight which are in discussions with Skoda include Volkswagen, General Motors, BMW, Ford, Renault, Fiat and Daimler-Benz. Separately, Skoda is having talks with two Japanese engine-makers, Yamaha and Kawasaki.

Mr Zdenek Patocka, the Skoda deputy general manager who is leading the joint venture negotiations, dismissed reports that Volkswagen was the front-runner. "We are discussing seriously with many companies. Skoda does not yet prefer any one manufacturer."

The details of Czechoslovak legislation to allow joint ventures with foreign companies are still unclear, but Mr Patocka said Skoda would prefer to keep majority control and was keen to maintain the Skoda marque.

"We would "There is no final decision, however, and it could be possible for the state to give up majority control."

Of Skoda's output last year, some 50,000 were exported to western markets, led by the UK with 13,600, while 15,000 were exported to other east European markets.

Mr Patocka said Skoda's priorities were to satisfy the domestic market – the present wait of around six months for a new car is probably the shortest in east Europe – and to maintain exports to western markets to earn foreign currency and ensure access to components and materials from western suppliers.

Skoda was aiming to double car output during the 1990s, in collaboration with a western partner. It would also seek to double exports to maintain sales in western markets at 25 to 35 per cent of production.

He said the company wanted to increase production of its Favorit range, styled by Italy's Bertone, to 250,000 by 1994/95.

Price Waterhouse, which has established offices in Prague, Budapest, Moscow and East Berlin in the past two years, was appointed by Skoda two months ago to advise on the selection of a joint venture partner.

Le Pen: target

Government takes aim at Le Pen

By Ian Davidson in Paris

THE FRENCH Government has moved on to the offensive against the insistent agitation of Mr Jean-Marie Le Pen and his extreme right-wing National Front party, with a new law strengthening the penalties for racial discrimination and other racist offences.

But the Socialist Government's own moral standing is being severely battered by a new amnesty law, which appears to discriminate in favour of elected politicians by protecting them over politically-related financial crimes.

The first reading of the new anti-racist law, tabled by the Communists and voted through with Socialist support early yesterday, coincides with opinion polls underlining the resilience of popular support for the National Front.

Last week a poll in Le Figaro newspaper said that the Front would win 13 per cent of the vote if elections were held now; *a poll in yesterday's Paris* Match magazine gave the party 15.5 per cent. As a national figure, this would be significantly more than the 14.4 per cent that Mr Le Pen scored in the first round of the presidential elections of 1988.

The new anti-racist law would stiffen existing penalties and would include the withdrawal of civic rights for racially-discriminatory offences, including the right to stand as a political candidate.

The Government does not deny that this provision is deliberately aimed at disqualifying Front politicians like Mr Le Pen who explicitly seek electoral support by fanning the flames of racial hatred.

The political amnesty was appended to a law instituting rigorous rules governing party finances, and was intended to start a new page in a long-disputed domain, by wiping out all party-finance offences committed before last June.

But it has backfired badly, because the public prosecutor has just committed for trial several businessmen and construction company officials, allegedly involved in funnelling funds to local party coffers, but has amnestied the corresponding party officials.

Matters have been made worse for the government, by the outspoken protests of magistrates against the implications of the amnesty, notably in the exoneration of Mr Christian Nucci, a former Socialist minister, who was alleged to have benefited from the diversion of FFr10m (£1.08m) into his election campaign fund.

OECD forecasts slow recovery for Iceland

By John Burton in Stockholm

ICELAND is gradually recovering from recession, but growth will remain sluggish in the 1990s, with an average annual growth rate of 1.5-2 per cent, according to a report by the Organisation for Economic Co-operation and Development (OECD).

The Icelandic economy, heavily dependent on the fisheries industry which provides 70 per cent of exports, has seen its cod catch reduced by 10 per cent since 1987, with a consequent 4 per cent fall in gross domestic product. With a further significant cut in the cod quota scheduled for 1990, the OECD predicts no growth for this year after a decline of 3.4 per cent in 1989.

The Paris-based organisation suggests that Iceland should carry out more structural reforms, such as liberalising capital flows, in order to adapt better to the changes in economic growth that reflect the fluctuating fortunes of the fishing industry. Barriers against foreign investment should also be eliminated to broaden the country's economic activity.

"A combination of firm macro-economic policy and more market-oriented and less interventionist micro-economic policies offers the best prospects for enhancing Icelandic living standards," it says. These are the second highest in Europe measured by per capita gross national product.

The OECD blames Iceland for having mismanaged its macro-economic policy during the boom years of the mid-1980s, when fish exports were buoyant, by borrowing heavily abroad to finance an expansionary round of spending. This led to a growing current account deficit and high wages growth, which fuelled inflation to an average of 32 per cent in the mid-1980s.

Although the recession has depressed wages growth, leading to a lower inflation rate of 13.5 per cent in 1990, monetary policy should remain tight to encourage savings and avoid a new bout of inflation as the economy recovers.

Even if the Icelandic economy performs better than expected, "it is important that any 'growth' dividend be used to repay external debt and reduce imbalances," the survey adds.

AMERICAN NEWS

Brady debt plan 'encourages arrears'

By Stephen Fidler, Euromarkets Correspondent

THE Brady plan on international debt has encouraged an alarming increase in country arrears to commercial bank creditors, the Institute of International Finance, a Washington-based think-tank which speaks for international banks, said yesterday.

An IIF report blames the Brady initiative for engendering "a loss of discipline in the (international financial) system and the build-up of payments arrears to commercial banks and official agencies."

The initiative, named after Mr Nicholas Brady, US Treasury Secretary, was launched last year and shifted the focus *of the debt strategy towards a* reduction of countries' commercial bank debts and away from new lending.

The institute estimates that total interest arrears to commercial banks rose to \$18.15bn at the end of March – up sharply from \$14.37bn at the end of last year and \$6.45bn at end-1988.

Argentina's debt arrears were the largest – \$6.15bn at the end of March – up from \$5.14bn at end-1989. Brazil was \$5.3bn behind on interest payments, while Peru (\$2.77bn) and Ecuador (\$1.35bn) also had arrears of more than \$1bn.

The IIF says that the loss of *discipline is compounded by a* new policy of the International Monetary Fund, which tolerates payments arrears to banks. This "mistaken policy" has contagious effects which could worsen the IMF's own arrears problem – now a worry to to fund shareholders. The policy was introduced to prevent banks unreasonably blocking IMF-agreed economic reform programmes. The IMF should revert to its traditional policy and make sure arrears to banks are erased before the country can borrow from the fund, the IIF says.

The report (Improving the Official Debt Strategy – *Arrears are not the Way*) says the Brady strategy is underfunded and inflexible. Debt reduction deals so far have not been voluntary, as claimed, but "almost mandatory".

It adds that there is no reason to distinguish bank debt from that owed to official creditors, which should also be subject to debt reduction.

The report, one of the most openly critical documents on the strategy issued by banks, says that it even resulted in a slowing in many types of debt reduction. Voluntary debt reduction amounted, it says, to \$11.33bn in 1989 – down from \$18.38bn the year before.

Front-runner for S&Ls rescue

By Peter Riddell, US Editor, in Washington

MR WILLIAM TAYLOR, the Federal Reserve's chief bank regulator, is the front-runner to take over from Mr William Seidman as head of the US Federal Deposit Insurance Corporation, which is responsible both for insuring bank deposits and for the current mammoth *rescue of the US savings and* loan industry.

The position is of great importance because the Bush administration is keen to reinforce a more energetic approach to the savings and loan rescue, as estimates of its cost rise sharply.

President George Bush told a news conference yesterday he was "very high" on Mr Taylor to take over Mr Seidman's responsibilities.

Mr Seidman has also "enthu*siastically" backed him as the* successor.

Mr Taylor, an experienced bank regulator and supervisor, has been since January acting president and chief executive of the oversight board of the Resolution Trust Corporation, which oversees policy priorities for the RTC, in turn headed until now by Mr Seidman.

The RTC is seeking to speed the pace of disposals and closures of insolvent savings and *loans bodies.*

Mr Bush confirmed there was "a significant review" within the administration to establish updated cost figures for the rescue.

Brazilian leader to leave Congress

By John Barham in São Paulo

THE LEADER of Brazil's main left-wing opposition Workers' Party (PT), Mr Luís Inácio Lula da Silva, has said he does not intend to stand for re-election to Congress in October.

If he sticks to this decision, the efforts of Mr Leonel Brizola, former governor of Rio de Janeiro, and his Democratic Labour Party to assume leadership of the opposition to President Fernando Collor de Mello would be strengthened.

Lula, as he is known, was runner-up in the presidential election last year.

He said yesterday: "I never wanted to be a congressman. The (1988) Constituent Assembly was important, but I can help the PT more by working outside Congress."

Lula has shown profound disenchantment with Congress and wants to spend more time travelling and campaigning in Brazil and elsewhere in Latin America.

However, the PT would like Lula, by far its best known and most charismatic figure, to a run for a second term.

Bush moves to quell Mexican drug case row

PRESIDENT George Bush said yesterday that "some misunderstanding" was involved in the US arrest of a Mexican doctor suspected of helping to murder an American drug enforcement agent, Reuter reports from *Washington. Mr Bush* expressed his readiness to consider a Mexican proposal to dismantle the controversy.

"Yes, there was some misunderstanding here," the president told a news conference when asked about Dr Humberto Alvarez Machain, abducted from Mexico on April 3 and flown to the US for prosecution. Mr Bush said he had ordered US officials to remove the misunderstanding.

Dr Alvarez Marchain, a Guadalajara gynaecologist, is alleged to have had a role in the 1985 torture-murder of Enrique Camarena, a US drug agent based in Mexico.

In Mexico, the case is seen as a violation of sovereignty and has sparked a diplomatic and political furore.

Argentina 'unable to pay pension backlog'

By Gary Mead in Buenos Aires

ARGENTINE President Carlos Menem has indicated that his government will ignore legal judgments which would benefit 57,000 pensioners by the equivalent of \$1.14bn.

The decision is likely to cause a legal and political row, the pensioners having spent years fighting a case against the government, only to face now a presidential veto.

Argentina has as many as 6m retired people (out of a total population of about 32m). Those dependent on state pensions have seen their income rapidly eroded in the last five years through hyper-inflation.

Eight thousand cases against the government have been settled, with an award totalling the equivalent of \$160m, an average of \$20,000 per individual. The other 49,000 pending cases are likely to follow a similar pattern.

Mr Menem said the state "is *unable" to meet the pension* backlog, and Mr Humberto Toledo, a presidential aide, added: "There is no money for the cases." The government is under pressure from all sectors to grant big wage increases. At the end of last month, the armed forces won an average 50 per cent rise.

The issue appears likely to provoke the first big legal challenge to a presidential decree, later ratified by Congress, promulgated in July 1989. The decree, which handed the government wide-ranging powers to reform management of the public sector, also suspended any legal action against the state for two years.

The pensioners have little lobbying power.

OVERSEAS NEWS

General named as Taiwanese prime minister

By Peter Wickenden in Taipei

LEGISLATORS from the ruling and opposition parties yesterday expressed astonishment and outrage at the nomination of a four-star general as Taiwan's next premier. Labour and human rights groups and students also protested, but the business community seemed relieved that a worsening in social disorder and in the environment for investment might be halted under his firm control.

After three weeks of intense speculation, President Lee Teng-hui picked General Hau Pei-tsun, 71, a candidate whose name had hardly been mentioned. After the president's inauguration on May 20, Gen Hau, currently Defence Minister, will announce his cabinet.

Democratic Progressive Party MPs ripped a portrait of President Lee off the wall of the legislative chamber, and criticised him for ignoring the views of the general public in making his choice.

An influential Kuomintang reformist Mr Jaw Shaw-kong said he was astonished. "In a society like Taiwan we are going to be more open and democratic. (For) a general to be nominated is not very suitable," he said on radio.

Other lawmakers objected to the intrusion of the military in politics, and daubed a slogan on the wall chamber saying "Bring down the autocracy". They demanded that President Lee explain his choice. The president has only been quoted as saying that Gen Hau has "abilities that nobody knows about".

Analysts have put forward several reasons why Mr Lee should pick Gen Hau, who, only a few weeks ago, was a member of an anti-Lee faction.

The most plausible is that the President wants a tough premier who will crack down on rising disorder and violent crime, and restore confidence in the Government's authority. This would stem the flow of capital out of the country, and increase willingness to invest in modern, high technology industries.

Another possibility is that Mr Lee, himself a native Taiwanese, wants to maintain the balance of power between Taiwanese and mainlanders.

Iraq places embargo on UK companies over pipes

IRAQ has imposed an unofficial selective embargo on British companies in retaliation for Britain's seizure of parts for a "supergun," according to the Middle East Economic Digest (MEED), Reuter reports from London.

So far the ban applies to British companies involved mainly in the military and industrial sectors, the magazine said.

Relations between London and Baghdad have deteriorated sharply since Iraq executed Mr Farzad Bazoft, the British journalist, on March 15 for alleged spying.

Ties worsened when customs officials last month seized eight sections of pipe made in the UK which the UK Government said could have been used for a 40-metre gun.

MEED said UK companies registered in Iraq were asked to a meeting at Baghdad's Industry and Military Industrialisation Ministry on Thursday and told the ministry would place no more contracts with British suppliers until the issue was resolved.

● Jim Bodgener adds: One of the pipe sections began its journey back to the UK yesterday evening from Istanbul airport aboard a commercial UK cargo aircraft. It was released by the Turkish authorities in spite of the embarrassment this might cause on a trade and goodwill visit to Baghdad by Mr Yildirim Akbulut, the Turkish Premier, on Saturday.

Property speculation measures lift S Korean market

By John Ridding in Seoul

SOUTH Korea's stock market rebounded strongly yesterday, recording one of its biggest ever one-day gains, after the Government announced its toughest plans yet to crack down on real estate speculation and provide new funds for investment.

The composite stock price index, which had fallen by 30 per cent between its peak last April and the beginning of the week, rose by 4.5 per cent to close at 750.82 points. The market also recorded strong gains on Tuesday.

The Government's apparent determination to stop the sharp fall in the market, was also demonstrated by the early recall of Mr Chung Yung Euy, the Finance Minister, from a meeting of the Asian Development Bank in New Delhi. Mr Chung and other cabinet members have held a series of emergency meetings concerning the stock market weakness and real estate speculation.

In addition, investor sentiment was improved by the easing of a series of labour disputes which had flared up over the last two weeks. Most of the strikes at subsidiaries of the Hyundai Group, which were called in protest at the storming of a strike at the company's shipyard, have now ended.

However, Hyundai Motor Corporation, South Korea's largest automobile manufacturer, voted to extend its strike until tomorrow. Separately, Yonhap, the official news agency, reported that a worker at a machine tools company had committed suicide in protest at company management.

The market measures, which will be announced in detail tomorrow, include the forced sale of real estate by the Chaebol, the business groups which dominate the economy.

A government spokesman said that land holdings which were not used for business purposes must be sold within six months. If no purchaser could be found the Government would buy the land at its acquisition cost. Business groups would also have to receive government approval for new land purchases.

The aim of the policy is to prevent the further flow of funds from the stock market into real estate speculation and to provide funds for stock market investment. A group of securities companies have already announced plans to set up a market stabilisation fund with proceeds from land sales.

Other measures include a requirement for banks and insurance companies to invest 1 to 2 per cent of their paid-in capital in shares and the lowering of transaction taxes from 0.5 to 0.2 per cent.

Analysts said the Government's measures, and its apparent commitment to rescuing the market, had gone some way to restoring investor confidence. However, the underlying problems of inflation and weak export performance had not been resolved and previous attempts to tackle real estate speculation and bolster the market had been unsuccessful because of enforcement problems.

More fundamentally, there was the danger that by taking such bold steps, any failure would have a much more damaging effect on confidence. "The Government has played its biggest card so far," said one analyst. "If it isn't seen to be successful, the market will certainly suffer."

Australian trade position worsens

By Kevin Brown in Sydney

AUSTRALIA'S deficit on the current account of the balance of payments reached A$1.8bn (£820m) in March, up from A$1.07bn in February, the Bureau of Statistics announced yesterday.

The announcement was the second piece of bad economic news this week for Australia: the Government announced on Wednesday that the annualised inflation rate had climbed to 8.6 per cent in the three months to March, up from 7.8 per cent in the previous quarter.

The seasonally adjusted figure for the balance of payments rose from A$1.25bn to A$1.9bn – the second worst on record, the bureau said. Seasonally adjusted imports rose by 10 per cent, while exports fell by 5 per cent.

The unexpected scale of the increase stifled the third day of a rally on the Australian Stock Exchange, and the key index for the 50 leading stocks closed up 4.9 points at 1467.7 after falling from a high of 1476.4.

However, the Australian dollar firmed from 75.2750 US cents to 75.5750 cents on forecasts of continued high interest rates. Traders said the currency was expected to strengthen further overnight in overseas markets.

Mr Paul Keating, the Labor Treasurer (finance minister), said there would no easing of monetary or fiscal policy. "We can't risk a re-emergence of demand," he said in Canberra. The Government was determined to follow a "disciplined policy" to ensure that demand grew more slowly than production "for an extended period ahead."

Mr Keating expected the current account deficit to remain within the Government's forecast of A$18.5bn for the financial year 1989/90, which ends in June.

However, he said imports were still too high, and the Government had a "substantial job" on its hands to reduce imports and boost exports.

Economists said the figures showed that the economy was responding slowly to the Government's attempts to cut the deficit by reducing demand.

Mr Thabo Mbeki, African National Congress international affairs director, speaking in Cape Town to journalists yesterday, said the general feeling of all participants in talks between the black leaders and Pretoria this week was that "not only is movement forward necessary, but it is possible". A second round of exploratory talks began yesterday to prepare for full-scale negotiations on a post-apartheid constitution for South Africa.

HK forces beat back boat people escape attempt

By John Elliott in Hong Kong

HONG KONG'S security forces used tear gas early yesterday morning to beat back a crowd of 50 Vietnamese boat people who were trying to escape from the colony's overcrowded and tense Whitehead detention centre where over 100 people broke out last weekend.

Contingency plans for the use of British army troops are also being reviewed and could be brought into action if police and camp guards prove unable to quell trouble. A senior United Nations refugee official said yesterday that Whitehead, which holds 22,000 of Hong Kong's 54,800 Vietnamese, was far too large and crowded and had become a "monster" with no-one "much in control". Mr Alistair Asprey, security secretary, said that "several hundred gang leaders and trouble makers" were to be moved to higher security centres.

The escape attempts are focusing attention on growing problems among the boat people, most of whom face repatriation home, at a time when the floods of new arrivals in Hong Kong appear to be easing.

So far this year 1,400 have arrived in Hong Kong, a third of the number for the same perod last year. Unlike last year when some 90 per cent came by boat from north Vietnam, about 1,100-1,200 have come by the cheaper land route from the south through China, earning the tag "bus people".

Most now travel in groups of 20 to 30 by train from Ho Chi Minh City on Vietnam's south coast northwards through Hanoi to the Chinese border. Often accompanied by paid couriers, they aim for the Pearl Delta just north of Hong Kong where they buy a boat for the final few hours' journey.

Cost put at up to Rs20bn for India to phase out use of CFCs

By David Thomas, Resources Editor

IT COULD cost up to Rs20bn (£770m) for India to phase out the use of the main substances which destroy the ozone layer, a study commissioned by the Indian Government concludes.

The study could play a central role in a large international conference to be held under the auspices of the United Nations in June. This has been called to strengthen the existing agreement on ozone depleting substances – the Montreal Protocol.

One of the main tasks of the June conference, to be held in London, will be to encourage large developing countries such as India to sign the Montreal Protocol.

The protocol at present would commit developing countries to phase out their use of ozone depleting substances by 2010, 10 years longer than the deadline for the industrialised countries.

However, most developing countries have been inhibited from signing because of a lack of any hard data on the costs of the protocol's commitments.

The Indian study, carried out by consultants at Touche Ross and financed by the UK's Overseas Development Administration, fills that gap.

It is highly relevant to one of the issues expected to dominate the June conference: the creation of a funding mechanism for industrialised countries to help developing nations in phasing out use of ozone-depleting substances.

Mr Mahesh Prasad, permanent secretary at India's Ministry of Environment and Forests, said: "We are willing to switch away from these substances, provided the incremental costs of substitution can be met."

Without countervailing action, Indian use of ozone depleting substances will increase from about 10,000 tonnes now to 20,000 tonnes in 1996 and 45,000 tonnes in 2010, the study concludes.

The study has identified substitutes which could replace ozone depleting substances, particularly chlorofluorocarbons (CFCs), in all the main sectors where they are used by India at present: aerosols, air conditioning, refrigerators, cleaning and fire prevention.

One option identified in the study would see India abandoning CFC use in aerosols from 1997 and then progressively reducing CFC consumption in other areas from 2003, with a total phase-out by 2010. This would cost Rs14bn to Rs20bn in 1990 prices.

A less demanding option would allow continuing use of CFCs to recharge existing refrigerators and air conditioners, implying a total phase-out by 2020. This would cost Rs700m to Rs1bn by the year 2010.

The overwhelming bulk of costs of the first option would fall on consumers, rather than manufacturers, because having to replace refrigerators early and the higher electricity consumption of refrigerators using CFC-substitutes account for most of the costs.

These calculations exclude technology transfer costs, foreign exchange implications and employment effects.

Kashmir reprisals bring bitterness, say rights groups

By David Housego in New Delhi

ATROCITIES committed by Indian security forces in Kashmir on innocent people are producing increasing bitterness and hatred against the Government, according to Indian human rights groups.

Reporting on a recent visit to Kashmir, a committee representing leading Indian human rights groups under Mr V.M. Tarkunde, a retired judge of the Maharashtra high court, is sharply critical of the Government's handling of the insurgency by Kashmiri Moslem militants.

The committee says that "a large number of excesses" were brought to its attention." It alleges that, on March 29 security forces opened fire without provocation in Anantag killing several people including a pregnant woman and her eight-year-old son.

On April 1 near Navpura, the report says that members of the 77 Battalion of the Central Reserve Police Force, a paramilitary group, opened fire from an ambulance injuring five people after one of the force had been killed by extremists. Subsequently one woman died.

Members of the committee reached the scene soon afterwards. They allege that people who tried to take the injured to the hospital were beaten and arrested.

Their report comes at a time when little first-hand information is available on events in Kashmir. Foreign journalists are not allowed access. Many Indian papers and news agencies are now based in Jammu to the south where they rely on government hand-outs from Srinagar. Indian newspapers and dailies have also adopted a system of partial self-censorship, supporting the official policy on the need to "restore government authority."

The report of the committee, which includes organisations like the People's Union for Civil Liberties, says that it was not possible to list all the cases brought to their attention. However it adds: "The broad pattern is clear. The militants stage stray incidents and the security forces retaliate. In this process large numbers of innocent people get manhandled, beaten up, molested and killed.

"In some cases the victims were caught in the cross-fire and in many cases they were totally uninvolved and there was no cross-firing. This tends to alienate people further."

The report is particularly critical of the almost 3½ months of continuous curfew which it says has resulted in an acute shortage of essential commodities and medicines. It says the curfew has been imposed to prevent demonstrations, but also "to tame them (people) by reducing them to starvation level."

Chalker: urging faster use of aid

UK gives energy grant of £50m

By David Housego

BRITAIN yesterday accompanied a grant of £50m to India for energy efficiency projects with an appeal to the Government to speed up its absorption of aid funds.

The grant announced by Mrs Lynda Chalker, Minister for Overseas Development, who is visiting India and attending the annual meeting of the Asian Development Bank, represents about half of Britain's annual bilateral aid of £90m to £100m, but will be spread over three years or more.

Mrs Chalker used the opportunity of talks with Mr V.P. Singh, the Prime Minister, and other ministers to urge India to speed up projects that would lead to faster use of aid.

She said that among the projects being discussed under the energy grant were improving load factors in power stations, ash disposal at the new British-built Rihand power complex and rehabilitation of hydroelectric plants.

Among the reasons for delays in spending British funds has been protracted negotiations over the second phase of the Rihand complex – a 1000MW plant for which GEC-Alsthom hopes to win the contract.

Among Indian officials, Britain has recently been criticised over the supply of Westland-30 helicopters to India out of aid funds because of the high cost of spares. The entire fleet of 19 Westlands has been grounded since the end of last year.

Mrs Chalker said yesterday that the safety of the helicopter was linked to the way it was maintained, and that this in turn had a bearing on the amount of spares required and their cost.

Iran, US near asset claims deal

By Laura Raun in Amsterdam

IRAN AND the US have edged closer to a pact on financial claims arising from the 1979 Iranian Revolution. Such a compromise could help draw the two bitter enemies closer together.

Agreement in principle on about 2,300 small claims in the Iran-US Claims Tribunal is largely due to the good relationship between Mr Abraham Sofaer, legal adviser to the US State Department, and his Iranian counterpart, Mr Goudarz Eftekhar. The two are expected to take the deal back to their capitals for approval after talks in The Hague last night.

President Ali Akbar Hashemi Rafsanjani of Iran yesterday criticised Washington, but has repeatedly hinted that American hostages might be freed if Iranian assets, frozen under the Iran-US Claims Tribunal, were released.

Reflecting a shared desire to settle the claims more quickly than the cumbersome Tribunal process, Mr Sofaer and Mr Eftekhar agreed last November that the US would return $818m in frozen Iranian assets. Now they are believed to have agreed that Iran will make a lump sum payment to compensate about 2,300 American individuals and companies, each claiming damages of less than $250,000 for property lost during the revolution. The sum is believed to be about $100m although neither side would disclose the amount.

Because Mr Sofaer is leaving his post in a few months they may feel a greater sense of urgency about bigger claims. Tehran wants the US to lift its trade embargo against Iran so payment can be made in oil instead of cash.

The tribunal was established in 1981, after Iran released 52 US Embassy staff members held hostage for 444 days. The tribunal adjudicates mutual financial claims and now has about $1bn in escrow accounts under its auspices.

The single biggest case is an $11bn claim against the US for allegedly undelivered military equipment. US oil companies are collectively demanding about $5bn in compensation for property lost during the Iranian Revolution.

Doe may not survive rebel onslaught

By Mark Huband

A WORSENING civil war in Liberia is raising increasing doubts on the ability of President Samuel Doe's Government to withstand the rebels.

Last weekend National Patriotic Forces of Liberia forces captured the country's second largest rubber plantation 20 miles north of the southern port of Buchanan.

Buchanan, the railhead for the world's largest iron ore mine at Yekepa in the north, does not yet appear to have been captured by the rebels despite reports of nearby fighting.

Throughout the conflict, which began on December 24 when a small rebel force crossed into Liberia from the Ivory Coast, the rebels have conducted an effective guerrilla war in the heavily forested hills of Nimba county.

The rebels have preferred to isolate big towns rather than engage government forces in pitched battles in the streets. The tactic has been successful and they are seem to be pushing south towards the capital, Monrovia, having secured the towns of Nimba.

Superior army fire-power has proved largely ineffective against the surprise ambushes of the rebels, who claim to have lost up to 600 troops. Army casualties are known to be much higher, though no official figures are available.

Some observers believe rebel support is based more on a desire to see the end of the Doe regime rather than any belief in the NPFL and Mr Charles Taylor, their leader. Mr Taylor, former director of the Liberian Government's General Services Agency, escaped from jail in Boston while awaiting extradition charges after being accused of embezzling $900,000 from his department.

Between 1987 and the launch of the offensive he is believed by many to have secured the support of Colonel Muammar Gadaffi, the Libyan leader, and begun training a core force in Burkina Faso.

Allegations of Libyan involvement in the insurgency prompted the US to send military advisers to assist the armed forces. The advisers were withdrawn when their presence became public at a time when the army was conducting a scorched-earth policy and killing hundreds of civilians accused of aiding the rebels.

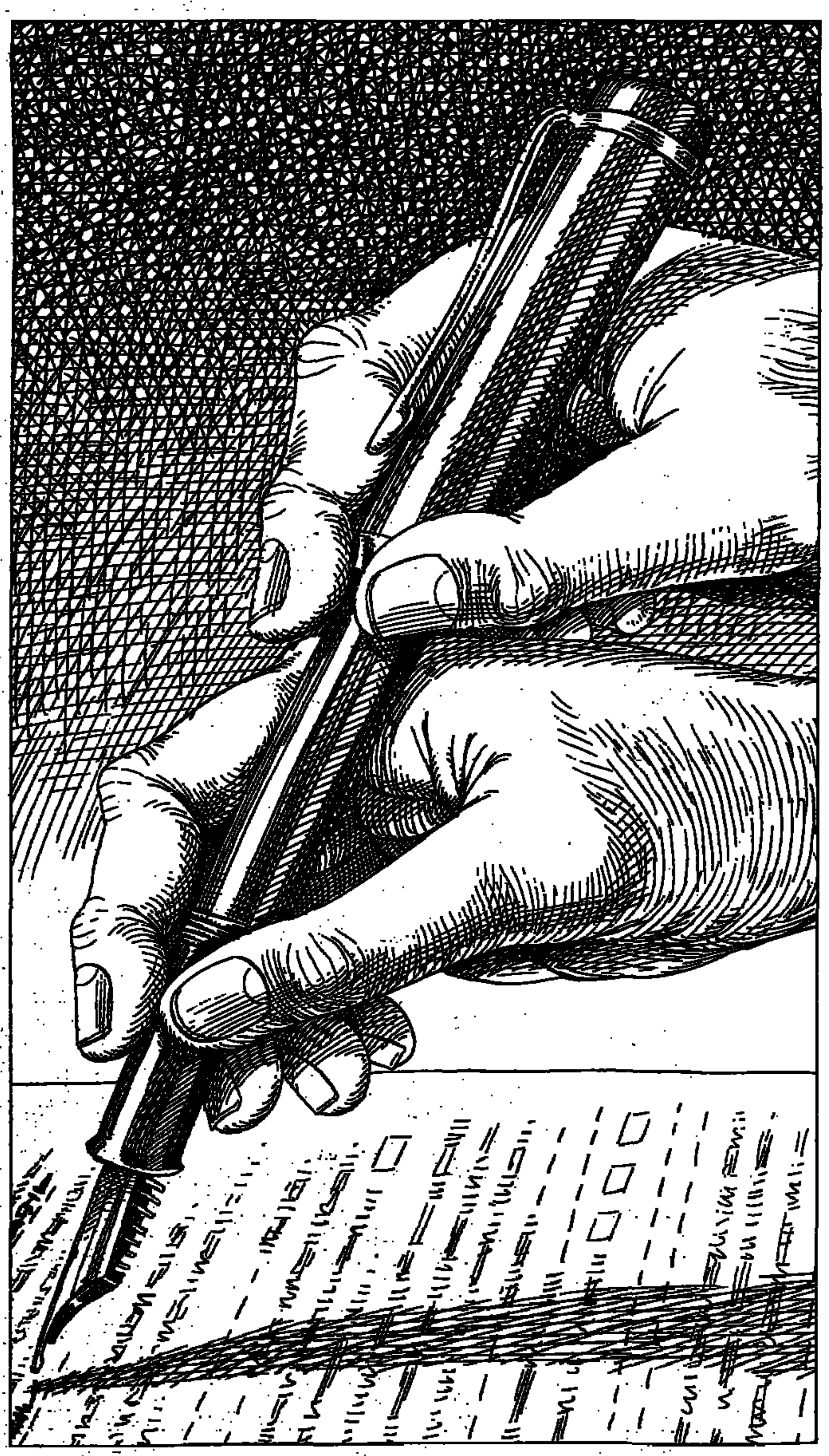
Mr Taylor strongly denies that the insurgency is Libyan-backed and also that he received support from the former Communist regimes of eastern Europe. He says that if he succeeds in overthrowing the regime of President Doe, he will retain the country's free market policies.

He has also firmly committed himself to regular elections, and expects to hold multi-party elections within five years of taking power.

The Government of President Doe has this week taken steps towards a political solution to the war. A 10-person official delegation, which includes Mr Emmanuel Bouwer, Minister of Information, arrived in Washington on Wednesday to lobby support from the US.

The two countries have long political ties. Liberia was founded in 1822 by freed American slaves. Since President Doe seized power in 1980 the country has been the recipient of $500m in US aid, the largest amount per capita in Africa.

Import and export paperwork. Need a hand?



There's one international language that almost no-one in business can speak.

It regularly appears in foreign trade paperwork. And it's called Double-Dutch.

Take a Letter of Credit application form, for example. While it's almost impossible for the uninitiated to understand, it's imperative to fill it in correctly.

Because it's legally binding.

And a tick in the wrong box can leave your goods stranded on a quay in Qatar. Or a warehouse in Wooloomooloo.

Luckily, Lloyds Bank have people who are experts in translating gobbledegook into plain English.

Once we know your exact wishes, we'll sit down with you and help you complete the paperwork.

This is just one of the services we offer our business customers.

We want your business to run smoothly. It makes our business run smoothly.

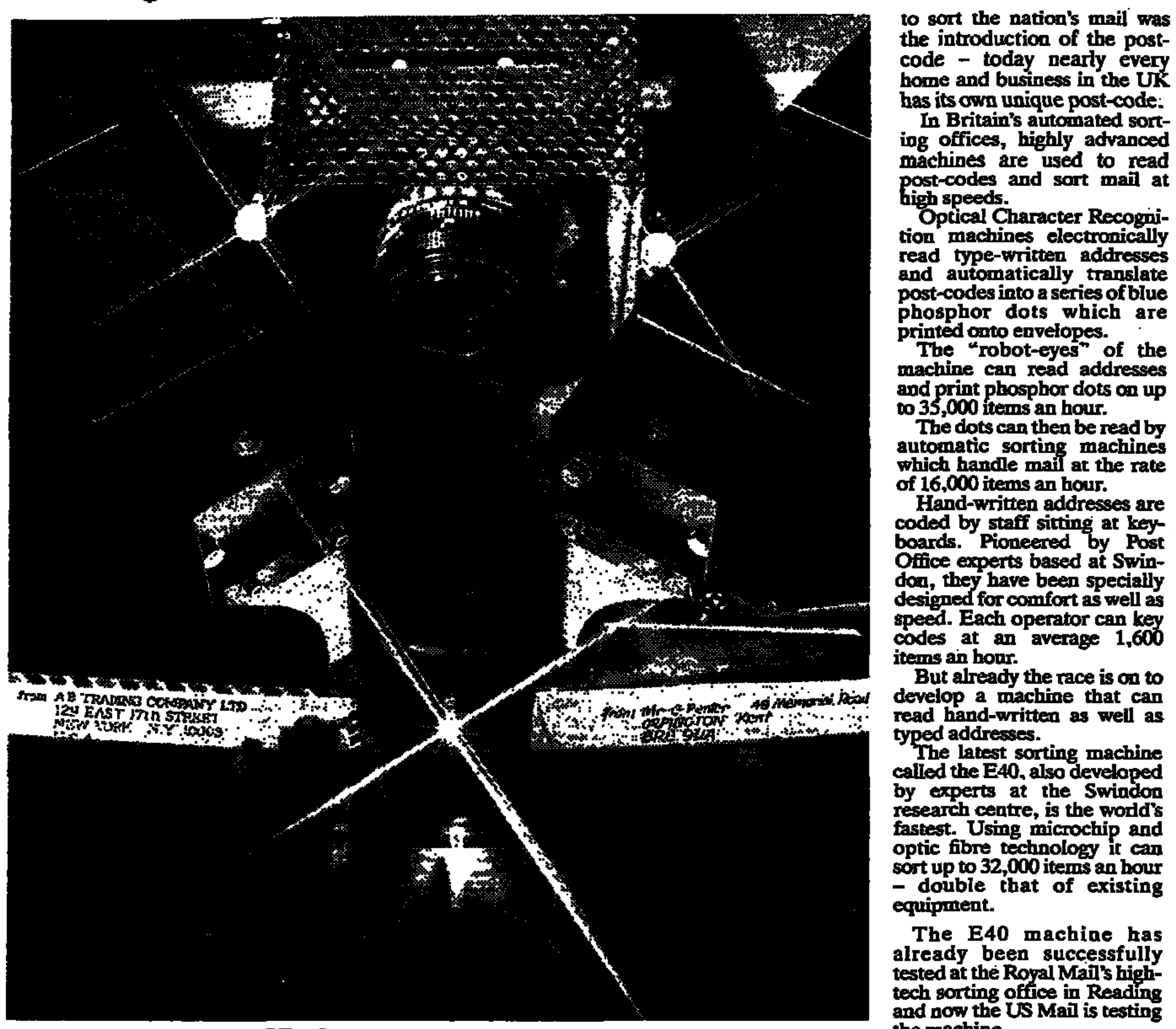
You'll find we're bankers who think more like businessmen.

Lloyds Bank

THE THOROUGHBRED BANK.

Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS.

Royal Mail leads the way into the 21st century



"Reading" your mail: OPTR *BRE technology.

THE PENNY BLACK, the world's first adhesive postage stamp, is 150 years old this month (May). That simple idea of a stamp not only revolutionised the letter service in this country, but sent echoes throughout the world and became the model for all other countries.

Within 40 years, Sir Rowland Hill's brainchild, which made it possible to send a letter to anywhere in Britain for a standard pre-paid charge, had been adopted by some 150 other countries.

Today, in this 150th anniversary year of the Penny Black, a letter still travels from any part of the UK to any other at a standard price, regardless of distance. And, as a mark of Britain's unique place in history, it has remained the only country in the world which does not bear the name of the country on its stamps.

UK LETTER PRICES AMONG THE CHEAPEST IN EUROPE

And today Britain's stamps are still making history – letter prices in the UK are among the cheapest in Europe. It is one of the few countries where postal prices in real terms have gone down in recent years. Compared with inflation they have dropped by 11 per cent in real terms over the last five years.

The UK offers the cheapest of all international services between EC countries. Sending a letter to any of them costs exactly the same as first class inland post – cheaper than posting from any EC country to the UK.

"In relative terms, it is four times cheaper to buy a stamp today than when Rowland Hill introduced his uniform penny post," said Royal Mail Managing Director Mr Bill Cockburn. "Quite a few household basics cost 1d or less in those days. How many items can be bought today for 15p or 20p in Britain? For 20p you cannot even arrange to have yourself carried from one bus stop to the next in many parts of the country.

PEOPLE ARE WRITING MORE LETTERS

Despite the inroads of the telephone and the fax machine, people are today writing more letters than ever before.

The Royal Mail currently delivers some 54 million letters a day. However, by the year 2000 the Royal Mail predicts it will be handling a staggering 100 million letters a day.

"Today the Royal Mail is handling mail volumes of Himalayan proportions," said Mr Cockburn. "In Victorian times, the postal service handled 76 million letters a year, whereas today the Royal Mail shifts more letters in one day at Christmas than in the whole of 1840. Its high-tech postal system handles some 13,000 million letters a year."

In 1840 most of the mail consisted of private letters between individuals. Today eighty per cent of mail is business letters and new services have been developed to meet the needs of business customers.

The fastest growing medium of the future is Direct Mail – personally addressed advertising material carried through a network of 100,000 post boxes. Britain's biggest single shop window offers more than 323 million customers in the EC the chance to buy anything from a flower pot to a conservatory just by popping their order in the post.

DELIVERY OPERATION WITHOUT EQUAL

But no matter what the mail contains it all has to make an individual journey from post box to the door-mat and it is a delivery task without equal.

In Rowland Hill's day letters were delivered by hand-cart and the mail coach.

Today, the Royal Mail uses a highly integrated network of trains, planes and modern transport.

But one thing that hasn't changed in today's Royal Mail operations, since Rowland Hill's time, is the use of the humble pair of feet. Today Britain's posties empty every post box in the land, and personally deliver to every address – and that uses up a lot of shoe leather.

"Today the Royal Mail delivers to every address in Britain, all 24 million of them, something not possible in 1840 when remote areas of the country did not get a postal service," said Mr Cockburn.

"Internationally, the Royal Mail is virtually alone in the world with a postal service that delivers all the way to the customer's individual letter box, whether in a high-rise flat or a remote farm cottage."

EUROPE'S TOP MAILING CENTRE

Overseas mail travels through Royal Mail International (RMI) by air, sea and land to every country in the world. RMI carries a billion items of mail to and from Britain every year, offering a range of services based on speed and price. With the coming of a single European market in 1992, the organisation is geared up to become the top mailing centre for Europe.

But it is not only the transport of the mail which has changed. Britain is now a major exporter of expertise in organising and developing postal operations abroad – continuing to lead the world in innovations which will take it into the 21st century.

All the mail used to be sorted by hand. A laborious process, no matter how deft the operators. Now most of it is automated, and concentrated in eighty offices in the UK. This saves both time and money – more than 10 million sorting hours a year.

At these offices machines date-stamp letters, splitting them into first and second class, then sort them, using the postcode.

KEY TO SORTING

The key to today's operation to sort the nation's mail was the introduction of the post-code – today nearly every home and business in the UK has its own unique post-code.

In Britain's automated sorting offices, highly advanced machines are used to read post-codes and sort mail at high speeds.

Optical Character Recognition machines electronically read type-written addresses and automatically translate post-codes into a series of blue phosphor dots which are printed onto envelopes.

The "robot-eyes" of the machine can read addresses and print phosphor dots on up to 35,000 items an hour.

The dots can then be read by automatic sorting machines which handle mail at the rate of 16,000 items an hour.

Hand-written addresses are coded by staff sitting at keyboards. Pioneered by Post Office experts based at Swindon, they have been specially designed for comfort as well as speed. Each operator can key codes at an average 1,600 items an hour.

But already the race is on to develop a machine that can read hand-written as well as typed addresses.

The latest sorting machine called the E40, also developed by experts at the Swindon research centre, is the world's fastest. Using microchip and optic fibre technology it can sort up to 32,000 items an hour – double that of existing equipment.

The E40 machine has already been successfully tested at the Royal Mail's high-tech sorting office in Reading and now the US Mail is testing the machine.

If the trial in Washington is successful there is a market for 2,000 plus to be built in the US under licence from the Royal Mail.

E40s are going into key UK sorting offices and will work alongside the OCR machines which have already been installed in 17 offices, with 29 more to follow.

This new machinery is part of a £1.2 billion investment programme in postal equipment and services over the next five years, to ensure that the Royal Mail retains its leading role in the development of postal communications.

COMPUTER POWER TO SPEED THE MAIL

Another way the Royal Mail keeps ahead of the game is by using computer power to show Britain's posties the fastest way to deliver the mail – pinpointing the quickest routes to Britain's letter boxes.

The Computer Assisted Delivery revision programme slashes the time it takes to map out the quickest and most effective routes for individual postmen's rounds.

This new system, which highlights the best way to get the mail through on foot will complement a recently completed national computer nerve centre, called DARRT, which seeks out the quickest way to route the nation's mail by air, rail and road.

Said Mr Cockburn: "These two systems, working together will help speed the delivery of mail to our customers, revolutionising the way the Royal Mail plans how letters are handled around the country, right down to the postmen and women on the street.

POST OFFICE ADVISES POSTAL AUTHORITIES WORLD-WIDE

Today, developments pioneered by the Post Office are used to help overseas postal services throughout the world – updating their mail handling systems, through the British Postal Consultancy Service, set up in 1965.

BPCS consultants have worked on more than 100 projects in over 50 countries. They have pioneered several world firsts abroad, including introducing high-tech mailing systems as far away as Hong Kong and Qatar.

Commented Mr Cockburn: "It's all a far cry from the days of Rowland Hill. The Royal Mail has come a long way since 1840 both in the size and in the enormous complexity of the scale of its operations.

"With its track record for leading the world, the Royal Mail is now looking towards the future with innovative plans which will take it well into the 21st century to ensure it retains its title of world leader."

Rowland Hill.

Moving the Mail in the 1990's

WHILE most of Britain sleeps, thousands of Royal Mail staff work throughout the night to speed the nation's mail on its way.

Fleets of vans, trains, aircraft, and in some cases even hovercraft, combine to speed some 54 million letters a day to all 24 million addresses in the country – whether an inner city block of flats or an isolated croft in the Scottish Highlands.

Much of the mail is moved during darkness – and the huge scale of this highly coordinated and sophisticated night operation remains a mystery to most people.

Today's Royal Mail is a vigorous modern business, but it still follows an idea that was put forward 150 years ago by the father of the modern postal service, Sir Rowland Hill.

Sir Rowland's idea was that people should be able to send a letter to anywhere in the country for the same price and this, in turn, gave birth to the world famous Penny Black stamp.

DELIVERY OPERATION WITHOUT EQUAL

Although Sir Rowland would readily see his "postage for all" idea at work in today's Royal Mail, he would no doubt be fascinated by the way all forms of transport are integrated into a massive nation-wide network.

The modern Royal Mail uses one of the largest vehicle fleets in the world – 33,000 vehicles – and more than 4,000 trains a night are used to carry half the nation's mail on its journey.

The Royal Mail's well-developed air network already speeds more than one billion first class letters a year to distant parts of the UK, and that figure is set to rise by up to 40 million a year with further key air links planned for the future.

Already some 30 chartered aircraft are used from the twin centres in the network – at Derby's East Midlands airport and at Speke airport, Liverpool – in a nightly operation based on split-second timing.

Said Royal Mail Managing Director, Mr Bill Cockburn: "The challenge does not end there. People are writing more letters than ever before and that trend is going to continue, so we must use every modern idea to keep pace with what our customers need.

"At the moment our high-tech postal system handles some 13,000 million letters a year – an average 54 million letters a day. However, by the year 2000 the Royal Mail predicts it will be handling a staggering 100 million letters a day!"

Mail being loaded at East Midlands airport, Derby.

EAST MIDLANDS AIRPORT'S CENTRAL ROLE

Flying mail around Britain helps ensure that people living in the more remote areas of the country receive their letters promptly.

The opening of the postal "hubs" at Speke in 1979 and East Midlands in 1982 were major breakthroughs in coordinating the national system.

In opening the East Midlands Airport "hub" the Royal Mail took the opportunity to set up its first integrated service for road, rail and air links, teaming the airport operation with Travelling Post Offices – sorting offices pulled by trains – at nearby Derby Station and a fleet of dedicated mail vans.

The airport bursts into life at 10.30pm, when the first of 13 flights from Scotland, Belfast, East Anglia, the South West and South East start arriving.

The planes are emptied and reloaded. Most fly out within the hour, while a few wait to be loaded with bags of mail brought in by rail at Derby soon after midnight.

The Derby Interchange, ideally located at the centre of the country, makes the best use of a system which integrates air, rail and road links.

SUNDAY COLLECTIONS AHEAD OF SCHEDULE

Another boost for customers is the speeding up of a rolling programme for the Royal Mail to introduce Sunday collections nationwide, after an excellent public response.

"By the summer we now expect over half the country to be enjoying this major service – our aim is that it will be operating nationwide by the Autumn, ahead of schedule," said Mr Cockburn.

"This service is already proving a great success and popular with customers. The number of letters collected on Sundays since the introduction of the service in five areas last November, has nearly doubled to 300,000 every Sunday."

Initially, the aim is to provide collections with local next-day delivery for mail posted within each district. Most mail is posted for local delivery.

Mr Cockburn said: "When working nationwide, Sunday collections will cost £20 million a year and will involve a complex operation using every element of our UK-wide network, with everything geared to getting millions more letters dropping on to the nation's doormats on Monday mornings."

Royal Mail's best service improvement in a single year

Royal Mail Managing Director, Bill Cockburn, said today that the Royal Mail has turned a major corner with the biggest ever annual improvement in service reliability.

Latest independent figures reveal that, despite fast rising mail volumes – now more than 54 million letters a day – and train strikes, which last summer paralysed the rail network over several weeks, the Royal Mail has improved its delivery service for first class mail by 3 per cent overall in twelve months.

"This is a tremendous achievement," said Mr Cockburn. "A year ago we agreed with our independent watchdog body, the Post Office Users' National Council, a demanding 3 per cent improvement target. Today I can reveal we have met that target, by achieving the biggest percentage improvement in a single year.

"I am particularly proud to be announcing this in the very month we are celebrating the 150th anniversary of the penny post, which revolutionised the mail service in this country and was copied throughout the world.

"But we are not complacent and realise there is room for more improvement. That is why we will be backing this upward trend with a record £1.2 billion investment over the next five years."

Into the 1990's – Bill Cockburn – Managing Director Royal Mail carrying on the pioneering tradition of Rowland Hill.

ROYAL MAIL INVESTMENT BOOST

In the last twelve months alone, the Royal Mail has targeted £65 million to boost service.

Mr Cockburn highlighted the main factors behind the record percentage increase:

- The introduction of more than 500 direct road links across the UK. Mail is now reaching sorting offices by midnight – some 3 hours earlier than when transported by train – ensuring millions more letters are hitting the nation's doormats the next day;
- Special pay supplements which improved recruitment and have cut down staff turnover by 4 per cent in areas of fierce labour competition;
- New computer systems for mail routing – helping to pinpoint the quickest routes to the nation's letterboxes.

Mr Cockburn also revealed that plans for major new air links, together with nationwide Sunday collections before the end of the year, will further boost service reliability in 1990 and beyond.

The new air links, which could cost up to £5 million, will mean some 40 million more letters a year reaching key sorting offices faster, to ensure next day delivery. For instance plans include new links from the South Coast and South West areas airlifting mail direct to the North East, Scotland, East Anglia and the North West.

Said Mr Cockburn: "Improving letter reliability is our top priority. We will go on investing heavily to maintain this significant boost in the service we offer customers."

Faster road links speed the nation's mail – a major boost to service for customers

A MAJOR new network of direct road links between key postal districts is helping to speed the nation's mail by shaving off up to three hours in travelling time, the Royal Mail announced today.

Mr Peter Howarth, Operations Director of the Royal Mail, said: "When complete, the new network will total more than 700 fast road links. They will enable mail to reach sorting offices by midnight, some three hours earlier than before. This will mean millions more letters hitting doormats the next day.

"Direct road links enable the Royal Mail to give customers a speedier and improved service, something we always look toward."

The new road links avoid rush hour delays and travel direct to destinations rather than using trains, which do not always run straight from the Royal Mail's pick-up points.

In the past much of the mail would have travelled by rail or by road via a central stopping point, rather than direct to its destination.

Some 500 provincial network links have already been introduced and now 200 short distance road-based links in and around Inner London are being phased in.

Each of the Royal Mail's 64 letter districts is establishing direct road services. They have formed links with neighbouring districts within a range of about 100 miles or two hours driving distance.

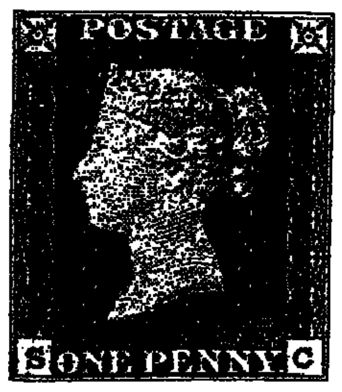
Trains will continue to play a key part in the Royal Mail network, particularly for transporting mail over longer distances.

Said Mr Howarth: "Improving reliability is our number one priority. New air and road links are just part of our £1.2 billion investment programme to boost service to all 24 million addresses in the UK."

As part of the programme, the Royal Mail is investing a total of £65 million to improve quality, including the road-based links, extra pay supplements in difficult recruitment areas, and new computer systems for mail routing, and this is beginning to pay dividends.

"Thanks to these initiatives, we are already seeing significant improvements in the quality of service achieved. I am fully confident these new services will result in a further increase in our quality performance," said Mr Howarth.

Direct road links helping to speed the nation's mail.



First in the World.

Since 1840, the Penny Black has stood as the proud symbol for all that is good in a postal service.

Before then, you couldn't send a letter to every address in the country at the same price regardless of distance.

Today, however, we take that service for granted.

And Sir Rowland Hill's invention – the pre-paid adhesive label – has been adopted by every nation on earth.

Would Sir Rowland have approved of our progress over the years?

Today, he'd see a UK postal system handling record numbers of letters – more in one busy day than in the whole of 1840.

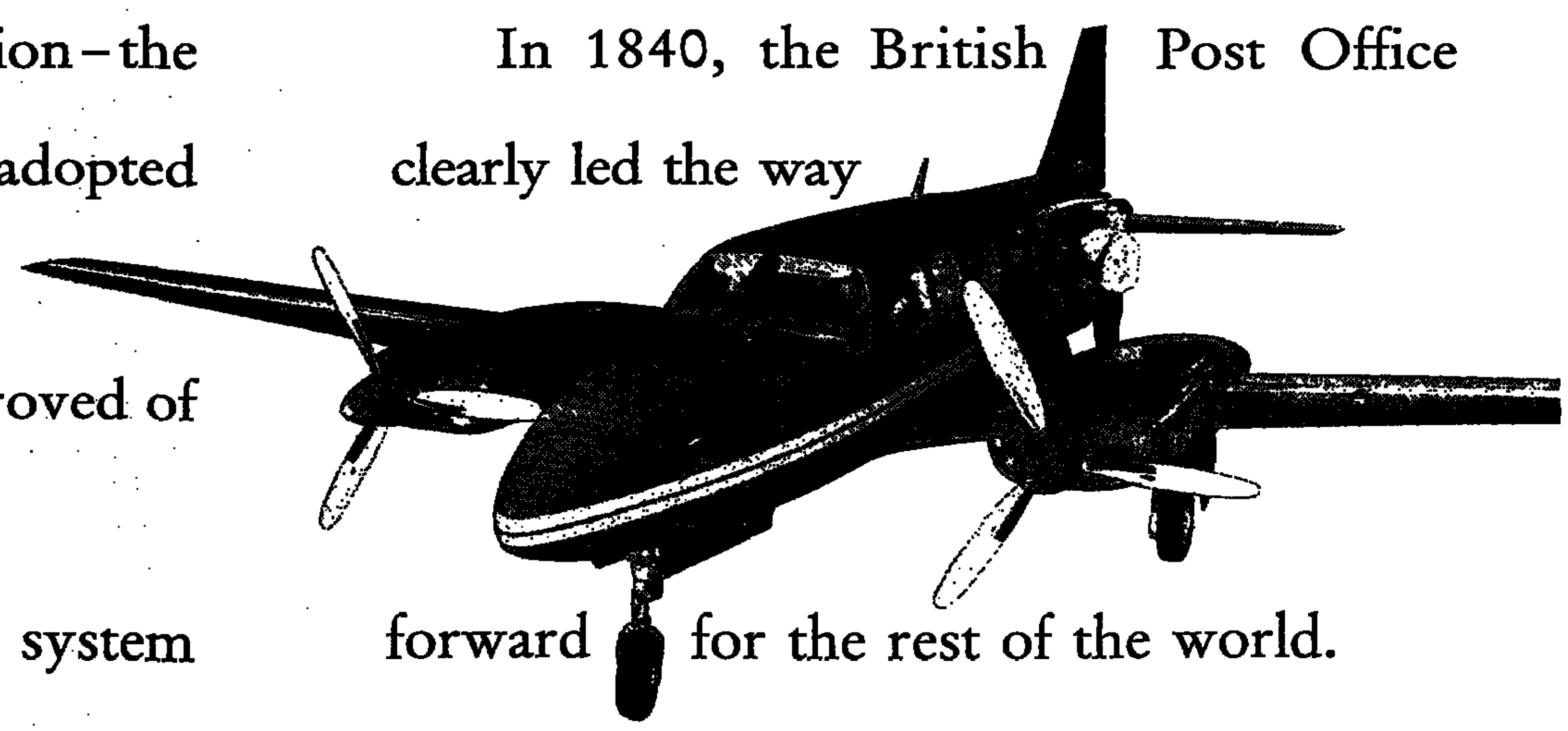
He'd see a stamp that's fallen in cost by 75% since 1840 (when wage changes are taken into account). The first class stamp is one of the cheapest in Europe.

He'd see a vast network of some 20,000 post offices around the country (more per head of population than almost anywhere in Europe).

He'd see the British Post Office virtually alone in the world to be self-financing and profitable.

And he'd see technology put to such good use that other postal administrations clamour to copy it and buy it.

In 1840, the British Post Office clearly led the way forward for the rest of the world.



Today, 150 years later, that's still true.

ROYAL MAIL 1840-1990 FIRST IN THE WORLD

The Post Office

WORLD TRADE NEWS

OECD states seek non-discrimination pact for business

By Peter Montagnon, World Trade Editor

INDUSTRIAL countries grouped in the Organisation for Economic Co-operation and Development are negotiating a new agreement that will oblige them not to introduce rules discriminating against foreign enterprises operating in their territory.

Officials hope to finalise the accord at a meeting of the OECD's Committee on International Investment and Multinational Enterprises on May 14 and 15. It would then go for ratification at the OECD ministerial meeting at the end of the month. The pact would make legally binding OECD guidelines on investment, agreed in 1976.

Some believe that pushing ahead now would boost Gatt's Uruguay Round, which is also seeking to establish a new definition of non-discrimination, or national treatment, in the context of freeing trade in services.

The new rules would oblige OECD members to refrain from introducing new restrictions aimed at foreign enterprises and to roll back any existing discrimination. They would also set up a firm, legally-binding definition for national treatment covering specific areas such as taxation and public procurement.

There is some optimism an agreement can be reached this month, but obstacles remain. Some countries are worried an OECD agreement might seem like a *fait accompli* which would discourage developing countries from negotiating in Gatt. The EC has reservations on committing itself not to introduce new restrictions, since this could undermine its effort to seek reciprocal benefits from its trading partners following its 1992 internal market liberalisation.

Uncertainty also exists on whether the EC Commission should sign the agreement. The single market has given the Commission considerable regulatory powers, but it is not an OECD member.

Meanwhile, federal countries like Canada and Australia may have difficulty committing their state and provincial governments to the terms of the agreement, and the US would have to seek Congressional approval at a time when Capitol Hill is resisting some Bush Administration trade initiatives.

Any agreement that does go forward to ministers at the end of this month may therefore have to be incomplete, requiring more clarifying.

Member states could register exceptions to the non-discrimination rule, but these would be scrutinised by the OECD. With the agreement in force, countries would have to bring all sectors into line. The services area contains sectors where these exceptions are common – such as cultural industries, transport and insurance.

Japan takes tough line on 'dumping' talks in Gatt

By William Dullforce in Geneva

JAPAN is insisting that further discussion in the Uruguay Round trade talks, on how to stop exporters circumventing anti-dumping duties, should be conditional on the EC accepting a ruling that its current anti-dumping practices are illegal under Gatt.

After five days' talks on the dumping issue last week, participants reported the Japanese had agreed to negotiate new anti-circumvention rules. Tokyo was expected to submit a paper spelling out its ideas, they said.

But a senior Japanese government official told the Financial Times yesterday: "Adoption of the report by the Gatt disputes panel is a prerequisite which would smooth the way for the discussion on circumvention."

The panel had ruled that measures taken by Brussels to stop Japanese companies circumventing anti-dumping duties by setting up "screwdriver" assembly plants in the EC were illegal. The ruling was widely seen as a victory for Japan in its first complaint to Gatt.

Mr Frans Andriessen, EC Trade Commissioner, complained the panel had given formal and restrictive interpretations of the relevant Gatt articles, and the EC blocked approval of the report in the Gatt council on April 3. The US and Canada sought more time to study the matter.

Japanese diplomats stress they expect the council to adopt the report at its May 16 meeting. The US and Canada are understood to be moving to approval.

Their acceptance would increase pressure on the EC. Brussels has not definitely said it would keep on blocking approval, but EC officials insist the panel report provides no real answer to circumvention.

The Tokyo official said a further premise for new anti-circumvention rules would be stricter Gatt discipline on the application of anti-dumping steps. It would take time for Japan to submit its ideas. A study of transactions would be needed to determine how to distinguish real circumvention from normal practice.

A modest US move to free high-tech trade

Louise Kehoe on Washington's phased retreat from the Cold War export regime

US ADMINISTRATION proposals to liberalise the control of exports of high technology products to eastern Europe and the Soviet Union represent a major change in US policy, but the true nature of the revisions and their real impact on high technology trade remain uncertain.

The US Administration has so far failed to provide details of which high technology products it intends to decontrol.

This has raised serious concern among US high technology industry executives. "We are worried about the devils in the details," said Mr Richard Iverson, president of the American Electronics Association, "but it appears to be a step in the right direction."

Liberalisation of East/West trade should come in two stages, the US Administration said. Its proposals include immediate decontrol of 30 product categories out of the 120 on the current list of the Co-ordinating Committee for Multilateral Export Controls (CoCom). Controls on 13 more products should be substantially reduced.

Adopting a British proposal, the US has suggested that CoCom draws up a new core list of controlled products by the end of the year which would supersede the current list.

Neither the items to be initially decontrolled nor the items to be included on the new core list have been identified. Depending upon which items are chosen, the changes could be largely symbolic or truly significant, industry officials said.

The White House did, however, outline its proposals for three major product categories: computers, machine tools and telecommunications.

In the computer category, the US proposes to decontrol sales of most personal computers and some minicomputers. Export licence applications for more capable computers, including some mainframe computers, would receive "favourable treatment" from the export control authorities in individual CoCom countries (Nato countries plus Japan and minus Iceland) in cases where the end user is civilian, the US suggests.

"Some members of the computer industry are not very happy with the proposal," said an industry official. Others expressed doubt that European proponents of decontrol will accept the Bush position on computers.

In telecommunications, the gap between current western technology standards and the proposed export controls appears to be wide. The US aims to open trade for low-level fibre optics and analogue cellular telephone equipment. More advanced equipment – in particular digital switching equipment essential to the modernisation of eastern Europe's telephone systems – would not, however, be decontrolled.

"We see it as a start and a hopeful sign but we don't think the proposal goes far enough," said a spokesman for AT&T.

The US supports, with a few modifications, a CoCom proposal calling for significant decontrol of machine tools, the White House said.

US industry groups have been pushing for an extension of the so-called "China Green Line" to eastern Europe. The China Green Line, created by CoCom in 1985, significantly liberalised high tech exports to China to a level far less restrictive than current regulations covering eastern Europe.

State Department officials said on Wednesday that the US is proposing to redraw the Green Line, adding that all products falling below that level of technical sophistication should now be decontrolled.

At a separate briefing, however, Commerce Department officials acknowledged that there will be some exceptions. These are expected to include semiconductor production equipment and materials.

"We will be very disappointed if controls are not lifted to the Green Line," said Ms Victoria Hadfield of Semiconductor Equipment and Materials International, a trade group representing companies in the sector.

Current regulations on exports of semiconductor equipment to China are already five years old and set a level of technology that is now ten years out of date, she pointed out.

"The Green Line was set with an agrarian economy in mind. Eastern Europe is very different. We know that they already have some significant capability in semiconductor production and will be looking for more advanced equipment," she explained.

The US proposals will be presented at a high level CoCom meeting next month. Already talks are underway between the allies, however, and this week's US announcement is widely seen as a negotiating position rather than a final stand. US electronics and computer industry executives remain optimistic that the US will be forced to bend still further on the issue of eastern European export controls to satisfy other members of CoCom.

US proposals to overhaul controls on exports of technologically sensitive goods to the eastern bloc had a cautious welcome from European trade officials yesterday, William Dawkins reports from Paris.

"The tone is encouraging. It is good news the US recognises the need for reform, and quickly," a European official of CoCom said. "Let us now see what this means, in practical terms."

The US statement could help bridge the gap with CoCom's European members, which have sought freer technology trade than the US has until recently been ready to accept.

The latest US plans come as western allies prepare for next month's meeting, expected to decide on moves to cut or ban controls on exports of 32-bit microcomputers, high-tolerance machine tools, and some telecoms switching gear.

Soviet minister calls for pan-European energy links

A "COMMON European House", with energy networks linked, making one market where the Soviet Union had a 50 per cent share, was advocated yesterday by Mr Boris Takaev, Soviet energy vice-minister, Lucy Kellaway reports from Brussels.

Addressing an energy conference in Brussels organised by the European Commission to discuss long-term energy policies, he called for closer ties between the Soviet Union and the rest of Europe.

There were 30 joint ventures in energy now working, and a further 62 were currently being negotiated, the vice-minister added.

Talks were under way with Electricité de France on a project to link French and Soviet electricity networks.

Many possibilities existed for western countries to win big contracts to help the Soviet Union with its plans for increasing its output of all fuels, especially coal.

The increasing problems the Soviet Union was encountering in maintaining its oil and gas output would increase its dependence on coal.

Argentina boosts chances of selling jet to US

ARGENTINA has boosted its chances of selling its jet trainer aircraft, the IA-63 Pampa, to the US, by formally signing a co-operation accord with the US aerospace and defence company LTV, based in Dallas, Texas, Gary Mead reports from Buenos Aires.

The pact was signed by President Carlos Menem on behalf of the state-run company Fabrica Militar de Aviones (FMA). FMA is directly controlled by the Argentine air force, which in association with Dornier of West Germany, has worked on developing the Pampa since the early 1980s.

FMA-LTV now plan to develop a customised US version of the Pampa, to be called Pampa 2000, which will be ready for US military test flights by 1994.

Since the late 1980s, Argentina has unsuccessfully tried to interest various countries, including Israel, Spain and Italy, in the Pampa. But it has been most solicitous of the US, where it hopes to place some 900 aircraft, worth some \$3bn (£1.7bn) with the navy and air force. But analysts suggest FMA does not have the capacity to produce the Pampa in large numbers quickly.

The agreement with LTV is crucial in two respects, providing an opening into US defence procurement, and increasing production capacity. The US government has thus implicitly signalled yet another step in the return of Argentina to the camp of trusted nations. Until now, Washington has abstained from judgment on the Pampa.

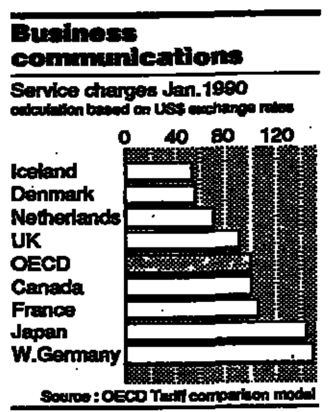
Argentina restored diplomatic ties with Britain in February. In April, it announced it was shelving a missile project known as Condor II being developed with Iraq and Egypt.

Iceland tops OECD on telecoms

ICELAND and Denmark come out as the cheapest countries for business telecom charges, in an unpublished report by an OECD working party on telecommunication and information services policies, Hilary Barnes reports from Copenhagen.

Costs in these two countries are about 60 per cent of the OECD average. Next come the Netherlands, Sweden and Belgium, with the UK slightly better than average. The most expensive trio, with costs about 140 per cent of average, are Spain, Japan and West Germany. Japan and Germany rank better measured by purchasing-power parities.

The rankings are made in a composite basket of business telecoms charges. This includes business telephone charges, packet-switched data communication charges, international call charges, mobile phone charges and charges for leased lines.



OECD comparisons do not differ widely from other analysts' results. Denmark, with Finland, Australia, Switzerland, Japan, Germany and the UK, come out top when efficiency is measured by waiting time for telephone installation.

In all these countries, the waiting time is negligible – less than a month. For the two worst performers, Greece and Turkey, the waiting time is 70-80 months. Greece is the only country where waiting time has gone up between 1979 and 1987.

For business telephone charges, Iceland, the Netherlands and Denmark are the cheapest, with the UK marginally cheaper than the OECD average, and Italy, Ireland, Germany, Austria and Japan the most expensive.

Iceland, Portugal and Denmark are the cheapest trio for mobile phone charges, with France, Germany and Japan dearest. The UK's Vodafone is in the cheapest quartile, but Cellnet is fifth dearest, in the OECD ranking. For leased lines, Luxembourg and Denmark are cheapest, while Germany is again the most costly.

For packet-switched data communication charges, New Zealand and Denmark are cheapest, with the UK at the OECD average, and Canada, Japan, West Germany and Spain the most expensive.

IMF/WORLD BANK

World Bank proposes fund for environment

By Peter Riddell, US Editor, in Washington

THE World Bank will this weekend seek the approval of its shareholders for a new environment fund of \$1bn-\$1.2bn over the next three years to help deal with cross border issues such as deforestation and climate change.

The Bank has been increasing the environmental side of its normal lending, but the new fund would deal with situations where the source of pollution is one country but the damage is felt in another country, such as acid rain caused by power stations.

In addition, the fund would offer concessionary loans to middle income countries in Latin America, Asia and eastern Europe. Their incomes are too high to qualify for very low interest rate soft loans from the International Development Agency.

Mr Barber Conable, the World Bank president, said the loans would be targeted on problems such as deforestation and desertification and possibly pollution in eastern Europe.

Preliminary discussions were held recently in Paris, where several industrial countries, notably France, expressed interest. Mr Conable will this weekend seek the backing of the bank's development committee for a pilot project. The impact of the fund will be reviewed after three years.

Mr Conable said the Bank was "heavily into the environmental business now" with lending to integrate environmental values into development projects, but the fund would widen the range of the Bank's environmental involvement.

On other matters, Mr Conable said the World Bank expected to commit \$2.5bn to Poland over the next three years and a further \$2.5bn to the rest of eastern Europe. However, with applications from both Czechoslovakia and Bulgaria under consideration, he thought commitments to the region over the next three years might be \$2bn or so higher at a total of around \$7bn.

Steady growth forecast for industrialised world

By Peter Norman, Economics Correspondent, in Washington

CURRENT economic policies should ensure that the industrialised countries continue to grow over the next few years at around the 2.75 to 3 per cent envisaged for 1990-91, the International Monetary Fund said yesterday.

Although, in its latest half yearly World Economic Outlook, the IMF said that inflation will tend to moderate, it said that the balance of risks lay more on the side of higher inflation than lower growth.

Looking at the world overall, it said that the rate of expansion in 1990 "could be the lowest since 1982." But it added that there are no signs that the slowdown will be as severe as in that year, when world output rose by only 0.5 per cent.

Instead, it forecast that world growth will moderate to around 2.25 per cent this year from around 3 per cent in 1989 before recovering to 3 per cent in 1991.

The IMF's projections take no account of the possible consequences of monetary and economic union between the two Germanys, although in an annex to its report, the Fund said that the longer term impact of union on the world economy should be "unambiguously positive."

It warned that there could be upward pressure on interest rates in the short to medium term which would increase the burdens of heavily indebted countries. Other countries, however, would benefit from the resulting increased demand in Germany.

The report said that increased investment as a result of unification could cut West Germany's current account surplus considerably. This underlined the need for progress in reducing the global current account imbalances, by increased saving in deficit countries.

The IMF said that integration in the European Community and completion of the single market in 1992 should boost investment and output in Europe and could have an important impact on other areas.

It said the prospect of fundamental reforms in the Soviet Union and eastern Europe could improve these countries' economic performances substantially over the medium term although economic activity and employment would be likely to be weak initially.

Output in eastern Europe and the Soviet Union may have decreased slightly in 1989 and could fall by 1.5 to 2 per cent this year. However, the IMF backed the idea of rapidly implementing market-oriented reforms – as in Poland – against a more gradual approach.

The report cautioned against exaggerated expectations from the "peace dividend" that should arise from cuts in defence spending. The budget savings resulting from such cuts may not be very large over the medium to long term. Defence cuts could produce falls in the ratio of government debt to gross national product, particularly in the US, Britain and France. But the IMF noted that public discussion in the US has focused on using the peace dividend for increased spending on education, drug enforcement, the environment and infrastructure.

It therefore warned that the US federal deficit could remain substantial in the first half of the 1990s. The IMF's own projections see the deficit falling to \$74bn in 1995 from \$125bn in the 1990 fiscal year.

The IMF said that the position of the heavily indebted developing countries remained "extremely difficult." It expressed disappointment at the slow progress of debt reduction negotiations between creditors and debtor countries under the Brady plan, warning that this could mean a substantial delay in the restoration of growth in some highly indebted nations.

However, the Fund said that debt reduction was not in itself sufficient to restore growth in debtor nations. They also had to adopt strong, counter-inflationary adjustment programmes. The Fund forecast that growth in the developing countries would stay around last year's 3 per cent level in 1990 before recovering to 4.5 per cent in 1991.

But this "depends critically" on the more effective implementation of stabilisation and adjustment programmes by the debtors.

The Fund's projections incorporate such expectations. For example, the outlook envisages a sharp fall in the annual average consumer price inflation among the "western hemisphere" developing countries of Latin America from 531 per cent in 1989 to 28 per cent in 1991 and a drop in average inflation among European developing countries such as Poland and Yugoslavia to 19 per cent next year from 170 per cent in 1989.

But the IMF said that the stabilisation of inflation "is neither costless nor easy." In most cases, success has come only with drastic measures after several failures. The two key requirements, it said, are "to establish credibility and to establish a social consensus in favour of stabilisation."

The report also highlighted the Fund's concern about inflation in the industrialised world.

"It is not a coincidence that the reduction of inflation in the industrial countries has been accompanied by an exceptionally long expansion of employment and output," the IMF said. However, it said it was cautiously optimistic that consumer price inflation in the industrial countries would fall to 3.5 per cent in 1991 after rising by more than one percentage point to 4.5 per cent last year.

But the IMF said continued monetary restraint would be required and this would mean the persistence of relatively high real interest rates. Lower interest rates would only be achieved if monetary policy was strongly supported by fiscal action aimed at raising national savings, especially in countries with big budget deficits such as the US, Canada, Spain and Italy.

The IMF said the elimination of inflation would bring about a large and lasting improvement in economic performance. It also called on governments to cut industrial and farm subsidies and press ahead with trade liberalisation as part of a strategy for long term growth.

World Economic Outlook, IMF, Washington DC 20431, published later this month.

HIGHLIGHTS OF WORLD ECONOMIC OUTLOOK
All industrial countries

	1989	1990	1991
Real GNP/GDP	3.5	2.7	2.9
CPI	4.4	4.2	3.6
Current Account (\$bn)	−81.9	−79.1	−72.1
Unemployment rate	6.5	6.3	6.3
Developing Countries			
Real GNP/GDP	3.0	3.2	4.5
CPI	104.1	71.0	14.3
Current Account (\$bn)	−13.8	−19.9	−23.4

Source: IMF World Economic Outlook, May 1990

HIGHLIGHTS OF WORLD ECONOMIC OUTLOOK
(Percentage changes, except where noted otherwise)

1989	US	Japan	W Germany	Britain	France	Italy	Canada
Real GNP	3.0	4.9	4.0	2.3	3.4	3.2	2.9
CPI	4.8	2.3	2.8	7.9	3.5	6.3	5.0
Current Account(\$bn)	−106.0	57.2	52.8	−34.2	−3.3	−10.9	−16.6
Unemployment rate*	5.3	2.3	7.1	6.5	9.5	12.0	7.5
1990							
Real GNP	1.7	4.4	3.5	1.1	3.1	3.0	1.6
CPI	4.6	2.3	2.9	8.2	3.1	5.9	4.8
Current Account	−113.3	57.4	62.3	−25.7	−3.9	−11.5	−20.2
Unemployment rate*	5.3	2.2	7.0	6.1	9.2	12.0	7.9
1991							
Real GNP	2.3	4.2	2.7	2.2	3.1	2.9	3.1
CPI	4.2	1.3	3.0	7.0	2.8	4.7	5.3
Current Account	−129.9	73.4	68.3	−22.0	−3.1	−11.3	−21.4
Unemployment rate*	5.3	2.2	7.0	6.2	8.9	11.9	8.0

*% of labour force

Source: IMF World Economic Outlook, May 1990

G7 process 'achieving balanced growth'

By Peter Riddell

POLICY co-ordination between the Group of Seven industrial countries is working to produce a more balanced pattern of growth, Mr Nicholas Brady, the US Treasury Secretary, argued on the eve of the spring meetings of finance ministers.

There has been criticism from some economists and bankers that the G7 process is no longer working and having an impact on exchange rates.

However, Mr Brady said international co-ordination was very worthwhile. "We're in an era where we're down to making the process work. From 1985 to 1987 we enunciated some policy problems we had to adjust and we're now in the detailed work of trying to make these things happen."

He added: "I'm encouraged that we've been trying for years to get internal demand stimulated in Germany so that we could reduce its payments surplus. Now it may be fortuitous but because of the unification of Germany we're going to see an increase in domestic demand. That's a plus.

"On the other side of the world, we've been working very hard in day-after-day meetings with Japan to try to produce structural changes in that country that will help them with their adjustment process," he said.

"We're into the less spectacular part of policy co-ordination which is making some of the policy prescriptions actually turn into results in terms of making the adjustments pass through the system."

The US Treasury view is that even though the immediate results of the G7 ministers' meetings, as in Paris a month ago, are not as dramatic as after the Plaza and Louvre accords of the mid-1980s, when there were new elements to announce, the process is still valuable with the focus primarily on domestic economic issues rather than new international actions. "No one would want to walk away from the coordination process," according to one Treasury official.

Mr Brady argued that the US was playing its part by "working hard on the budget deficit which our colleagues in the G7 think is an important adjustment for us to make".

IMF directors close to accord on increasing quotas

By Peter Norman

EXECUTIVE directors of the International Monetary Fund yesterday moved closer to resolving the difficult technical issues that have been holding up agreement on an increase in the IMF's resources.

A senior US Treasury official said yesterday that he believed "the negotiations can be wrapped up" on an accord to lift the Fund's quotas or membership subscriptions by around 50 per cent from 90bn Special Drawing Rights (\$117bn or £72bn).

The issue of the quota increase will now form a large part of the discussions of the finance ministers and central bank governors from the Group of Seven countries on Sunday and the IMF's policy making Interim Committee on Monday.

International currency developments, which formed the main discussions at the special G7 meeting in Paris last month, are not expected to feature strongly in Sunday's agenda. Despite continuing concern in Tokyo about the weakness of the yen, Mr Ryutaro Hashimoto, the Japanese Finance Minister, is not expected to attend the G7 meeting because he must prepare for a session of the Japanese parliament on Monday that will discuss the Japanese budget.

In negotiations this week, the IMF executive board has made progress towards meeting the US wish to have an agreement on an effective way to deal with Fund members that fall into arrears as an integral part of the accord on the quotas.

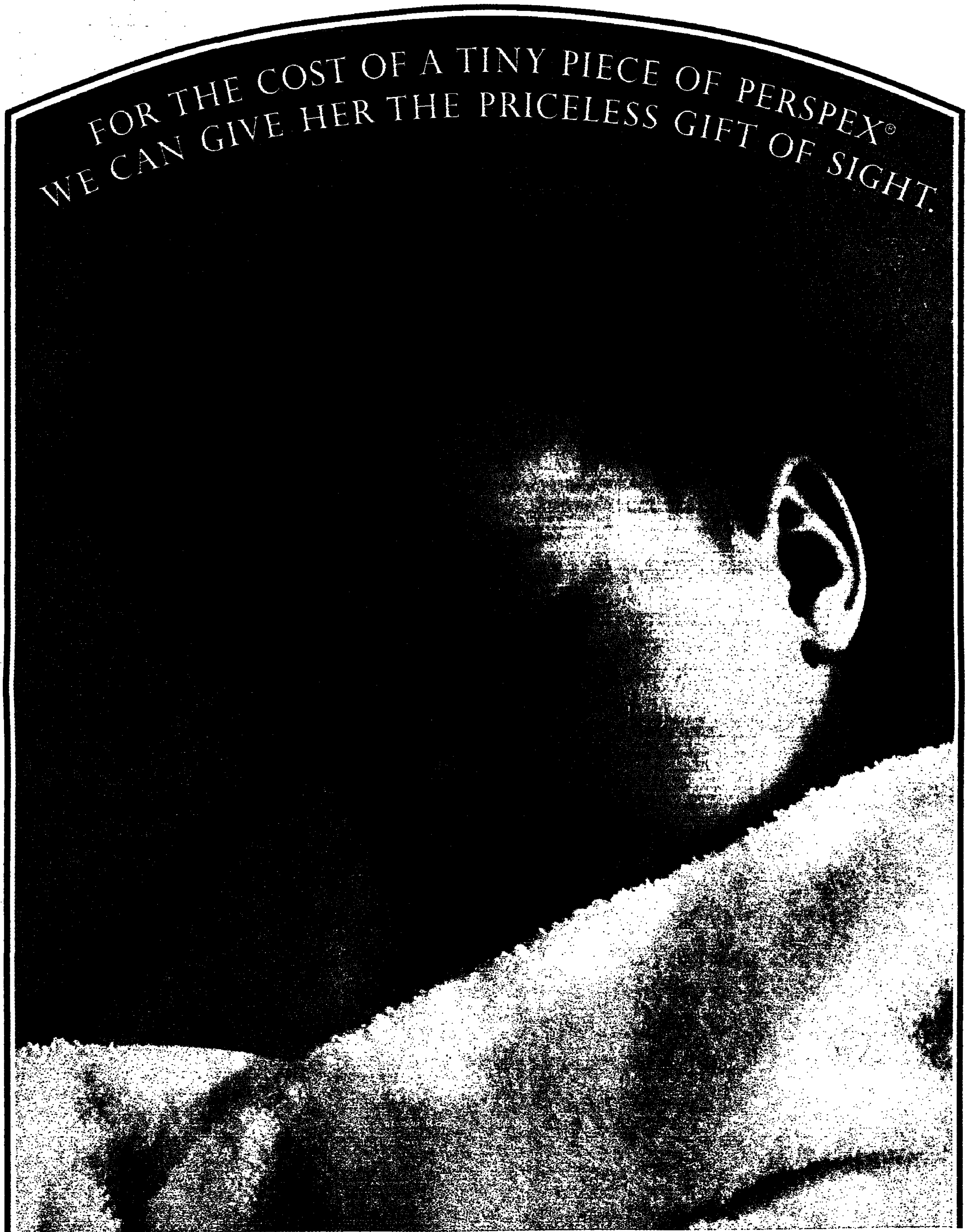
The other main issue that has been holding up the quota increase – the dispute between Britain and France on who goes where in the IMF pecking order after the planned promotion of Japan from fifth position to replace Britain in the number two slot – was still unresolved yesterday.

The US Treasury official warned yesterday that the Franco-British dispute could hold up the quota increase. But a glimmer of a compromise emerged when he said that Japan and West Germany might share the joint number two position in the Fund instead of occupying positions two and three as originally envisaged.

His remarks prompted speculation that the quota shares could be parcelled out in such a way as to meet Britain's unwillingness to lose too large a part of its existing 6.9 per cent voting share in the IMF and France's wish not to move down from its present number four slot to accommodate the UK. The question over whether Britain and France should be respectively fourth and fifth or joint fourth in the Fund has been considered too political to be discussed by the IMF executive board.

Other Fund members, bemused by the stalemate, are waiting to see if Mr John Major, the Chancellor, and Mr Pierre Bérégovoy can settle the question over the weekend. British officials were sounding less than optimistic about a settlement this week.

John Major: talks with French on pecking order



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UK NEWS

IMF casts doubt over policies for fighting inflation

By Peter Norman in Washington

THE International Monetary Fund yesterday cast doubt over whether Britain's monetary policy is tough enough to defeat inflation.

In its latest half-yearly World Economic Outlook, the IMF noted that growth in demand in Britain is now slowing in response to the Government's high interest rate policy.

It added, however, "The question remains whether monetary policy is sufficiently tight to arrest and then gradually reverse cost-price pressures, particularly in view of the tight conditions prevailing in labour markets."

Like the UK Treasury, the IMF is forecasting that the British economy will grow by around 1 per cent this year. Although the IMF expects UK growth will quicken to 2.2 per cent in 1991, Britain will have the slowest growth of all the Group of Seven economies in both years.

Consumer price inflation in Britain will be the highest of the G7 economies in both 1990 and 1991, according to the IMF projections.

It expects British inflation will average 8.2 per cent this year and 7 per cent next year compared with average levels of 4.2 and 3.6 per cent respectively for the industrial nations as a whole.

In its outlook, the IMF has taken a slightly more optimistic view of British current account trends than in an earlier draft circulated among governments last month.

The British current account deficit is expected to fall to $22bn next year (£13.4bn) from last year's record $34.2bn (£20.8bn).

The earlier draft version of the IMF Outlook suggested that Britain would have the highest current account deficit in terms of GDP of all the G7 nations this year.

The Fund has since changed its mind, forecasting a deficit of 3.5 per cent of GDP for Canada this year against the 2.9 per cent projected for Britain.

The IMF approved the Government's plans to run a £7bn budget surplus this year.

It said Britain needed to restrain the growth of domestic demand and contain the rise in wages and prices to make room for increased exports and enhance the country's international competitiveness.

Wage-price pressures would be exacerbated if Britain relied instead on a devaluation of the pound to strengthen competitiveness, the IMF warned.

Electricity sale may be scaled down

By Maurice Samuelson

THE GOVERNMENT last night held open the possibility of selling only just over half the electricity industry, despite calls by electricity companies for a 100 per cent flotation.

The Department of Energy said that it retained an open mind on how much of the industry would be sold initially. "It will be anywhere between 51 and 100 per cent," a spokeswoman said.

The disclosure caused surprise in the City of London where a leading broker said that it had been assumed since early last year that 100 per cent of the industry's shares would be put on the market.

The privatisation of electricity would be the biggest in the Government's denationalisation programme. Estimates of its value to the Treasury have fluctuated over the past two years between £10bn and up to £20bn.

It is due to open in November with the flotation of the 12 area distribution companies of England and Wales, followed next February by the sale of National Power and PowerGen, the electricity generators, with the two Scottish boards being floated in mid-1991.

Kleinwort Benson, the Government's merchant bankers, is understood to have been airing the possibility that the financial markets might unable initially to absorb the entire offering.

EC Commissioner seeks to dispell fears over full political and monetary union

By John Mason

SIR Leon Brittan, the vice-president of the European Commission, yesterday sought to allay UK fears about greater political union in Europe and urged the British Government to present its own proposals for the process.

But he said Britain must participate fully in moves towards greater union to ensure a balanced Europe following German re-unification, otherwise it risked becoming a spectator.

Seeking to reassure the fears of Mrs Margaret Thatcher, the Prime Minister, about the possible loss of British national sovereignty, he said the Franco-German proposals advanced at the recent Dublin summit were vague and general with nothing in them to implement.

Speaking to journalists at the British parliament, he said Britain should not be reticent about making proposals.

Sir Leon said fears about German re-unification would be reduced if a united Germany were fully involved in a balanced EC. It was therefore absolutely essential that Britain should overcome its reservations about political, economic and monetary union.

Other member countries wanted to retain their national identities, but it was natural for the EC to want to strengthen its institutions as Germany was re-unified.

Sir Leon suggested that political union would include moves to increase the powers of the European Court, but the principle of subsidarity, where decision-making was devolved to national level where appropriate, would continue.

He dismissed calls for the European Commission to have its powers reduced or be abolished altogether to be replaced by majority voting by the Council of Ministers.

If the Commission's powers were reduced and member states given more say in initiating policy then less would happen and the EC would lose credibility abroad. Sir Leon said economic and monetary union would happen regardless of British reservations.

A common European currency would follow the full adoption of a fixed exchange rate system, made more acceptable if individual countries retained their own banknotes, linked to the ECU, he said.

Brittan: vital UK should drop its reservations

Labour prepares dual track policy on Europe

By Michael Cassell, Political Correspondent

THE LABOUR PARTY is preparing to declare itself formally against full political union within the European Community but in favour of moves designed to increase the powers of the parliament.

Mr Neil Kinnock, the Labour leader, attacked Mrs Thatcher for her "nationalist posturing", which he said was out of touch with the wishes of the British people.

Labour's strategy, will be unveiled shortly as part of Labour's new campaign document.

Labour believes the parliament should have powers to initiate legislative proposals for consideration by the Commission and the EC Council of Ministers.

In also deciding to back an extension of majority voting in the EC Council of Ministers, Labour is reinforcing its conversion from outright opposition to EC membership – a central plank of its 1983 election manifesto – to commitment to the Community.

Mr Neil Kinnock told MPs at Westminster this week that his party was seeking to influence events from within the EC, rather than permitting Britain to remain on the edge.

He made it clear that Labour was endorsing political co-operation among EC partners, although the policy document emphasises that progress towards units would or should lead to the creation of a European "super-state."

The document states that the EC is not a unitary state. The European parliament should try to complement and not replace the role of national legislatures.

The party will also support the short-term expansion of the Community to include Norway and Austria.

Design guru Conran quits as head of Storehouse

By Maggie Urry

SIR Terence Conran, design guru and founder of Habitat, the furnishings and furniture store which transformed many British homes in the 1960s and afterwards, is stepping down as head of the Storehouse retailing empire.

Although Sir Terence will remain as a non-executive director of Storehouse, his departure from the chairmanship will be seen outside as the end of his aim to bring design flair to mass-market high street retailing. He said yesterday, "I am proud of the part that I have played, to the benefit of the consumer."

The Conran influence extended through British high streets as Habitat expanded from its original shop opened in 1964, and as takeovers and mergers brought British Home Stores (BhS), Mothercare, Richards, Heal's and other retail chains into the group.

Sir Terence, who was knighted in 1983, had been due to retire in October 1991 when he is 60, but decided to go early. He said yesterday, "it seemed the right moment to make the break." Although sad at the move he said he was far from bitter about stepping down from the group, which has suffered many tribulations in recent years.

He said it was not the end of Sir Terence Conran only the end of "Sir Terence Conran, chairman of the beleagured Storehouse group" as he has been described in newspapers.

In recent years, a sharp fall in profits and the disappearance of takeover speculation, has knocked the shares. Sir Terence said he would hold on to his 7 per cent stake in the group which makes him its largest private shareholder. His holding once worth over £100m is now valued at under £30m.

His departure had been prompted by Storehouse's decision to sell its design business, which Sir Terence had set up in 1956, and the Conran Shop, both of which "were very much part of me." He is buying the Conran Shop and will remain involved with the Conran Design Group which Storehouse is selling to a French company.

He said that the new management team brought in by Mr Michael Julien, chief executive, in 1988, was now working well. Also BhS, one part of the merger which formed Storehouse in early 1986, was trading well and that "vindicates all the things I said at the time of the merger."

Mr Ian Hay Davison, a non-executive director of Storehouse, will take over as chairman. Mr Davison is best known for his work as chief executive of Lloyds, the London insurance market, between 1983 and 1986.

BRITAIN IN BRIEF

Prison vote announced by officers

PRISON OFFICERS' leaders yesterday announced that they were to hold a national ballot on industrial action following the riot at Strangeways prison in Manchester.

Mr John Bartell, chairman of the Prison Officers' Association, would not specify what type of industrial action was being considered but indicated that officers would consider stopping accepting inmates.

He accused the Home Office of "criminal irresponsibility" in creating the conditions for another wave of violence by displacing prisoners from Strangeways Prison around the system in such a way that prison officers believed there would be further "violent eruptions of evil within the system."

Mr Bartell asked if the industrial action could mean officers refusing to take more prisoners into jails said: "Obviously we will be directing our attention down that particular line."

Banks in row with councils

A group OF top UK and foreign banks has become embroiled in another row with the UK local authorities over interest rate swap contracts.

The right of the authorities to use capital markets products to manage interest rate risk has been a subject of lengthy legal action and an appeal to the House of Lords is currently pending.

The banks are demanding that local authorities honour swap contracts worth several hundred millions of pounds which were declared legal by a Court of Appeal in February.

Comet plans staff TV

Comet, the electrical retailer with over 350 branches throughout the UK, is going to instal its own private television service to link all staff.

Under the scheme recorded broadcasts dealing with corporate matters can be shown to staff, video training material down-loaded overnight and live conferences held enabling staff to question management.

Road figures

The number of vehicles on British roads rose by 4 per cent last year to 24.2m according to figures released yesterday by the Department of Transport.

The density of car ownership in the UK at 2.7 persons per car (in 1988) is still well below the US at 1.7, West Germany at 2.1, Italy at 2.4 and France at 2.5.

House prices fall 0.2%

UK HOUSE prices fell by 0.2 per cent during the 12 months to the end of April, the first annual fall for at least seven years, Halifax Building Society said yesterday.

There are however signs that the fall in prices may be bottoming out. The Halifax which started its monthly house price index in 1983 said that the underlying trend in prices after allowing for seasonal adjustments was upwards.

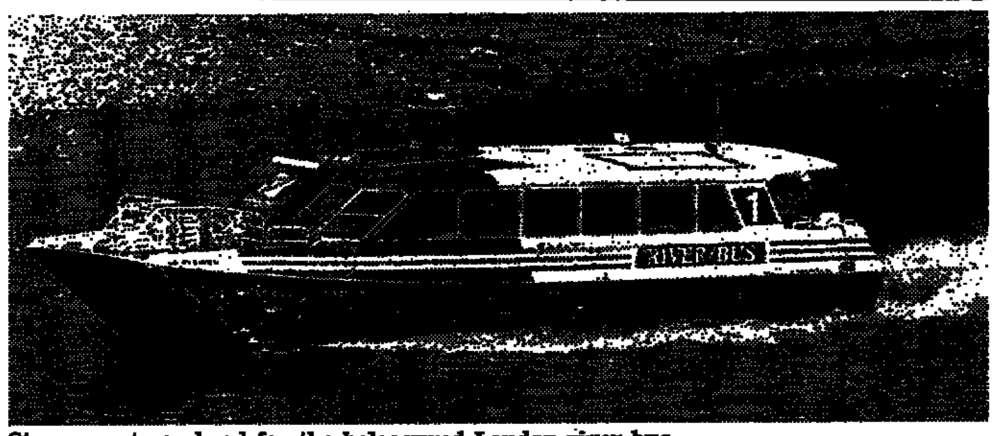
Facelift for chambers

BRITAIN'S chambers of commerce and industry will today vote on ambitious proposals to strengthen their role in servicing British business, along the lines of their counterparts in Europe, particularly in West Germany.

The target date for completion of a nationally consistent network of business services is the end of 1994. The Department of Trade and Industry is considering the role of Britain's chambers in relation to their continental counterparts, especially in the light of the approaching completion of the European single market.

British Rail smoking ban

British Rail is to introduce a smoking ban on all inner suburban services operating out of London on the Southern Region. The ban will affect every Southern Region service originating within about 30 miles of the capital.



Stormy waters ahead for the beleagured London river bus

River bus tries to stay afloat

London's struggling river bus service suffered a further setback yesterday when Thames Line, the company that launched the operation, announced that it was proposing to go into voluntary liquidation.

Thames Line's other partners in the venture, however, stressed that they would step in to fill the breach and that services would continue unchanged.

The river bus project was launched in 1988 to provide commuters with an alternative to road, rail and underground travel, particularly between the City and Docklands.

Thames Line financed the project by raising £4.6m through the Business Expansion Scheme, but the venture quickly ran into difficulties when passenger flows fell short of expectations and debris damaged the catamarans.

Early last year £2.5m had to be raised to avert the project's collapse. The Government provided £500,000 and the rest came from a consortium of Docklands developers including Olympia & York.

The consortium became the effective owner of the six vessels used on the service and took a majority of seats on the board of the newly-formed Riverbus Partnership.

The loss-making service, however, has soaked up another £3.9m since the partnership was formed, and Thames Line is understood to have insufficient funds to maintain its commitment to the project. The company is understood to have no outstanding liabilities, but the prospect of shareholders' regaining their investment appears slim.

The Riverbus Partnership said Olympia & York and the other partners had undertaken to continue and expand the project and there was no threat of services being disbanded.

Britain seeks aid to assist clean-up in east Europe

By John Hunt, Environment Correspondent

BRITAIN WILL make a drive to promote technological assistance to help eastern Europe solve its huge problems of environmental pollution when environment ministers from 34 countries meet in Bergen, Norway next week.

Mr David Trippier, UK Environment Minister, said yesterday that an aid package for eastern Europe will be one of the most important items at the conference. The meeting, organised by the UN Economic Commission for Europe, will be the first time that governments from east and west have met to discuss the environment.

Describing environmental destruction in eastern Europe as appalling, Mr Trippier said it demanded a major effort by the western industrialised nations. He intended to have talks with all the newly independent eastern bloc ministers at Bergen.

He would be talking to them about the transfer of environmental technology and the possibility of establishing new institutions to oversee such assistance. Setting up training programmes and exchanging officials would also be discussed.

Mr Trippier disclosed yesterday that the UK will be making its annual statistical report on the environment more informative. Environmental comparisons with other European countries will be considered. This would be in line with Bergen proposals that countries should make comprehensive annual reports on the state of their environments.


Mr David Trippier

At the conference various targets will be put forward for reducing emissions of carbon dioxide which are the main cause of acid rain. But Mr Patten made it clear that the UK will not want to agree firm targets until the Intergovernmental Panel on Climate Change reports in August.

Rover car workers reject proposed working hours

By Michael Smith, Labour Correspondent

SHOPFLOOR workers at Rover's Longbridge car plant in Birmingham have voted to reject a working hours package which union leaders have described as the best in the car industry anywhere in the world.

The proposed deal would enable Rover to become the first car manufacturer in the UK to introduce 24-hour working seven days a week among production workers and to create 1,200 jobs.

In the proposed deal, ordinary day workers would see their hours reduced from 39 to 37 hours.

Those working the continental style continuous shift patterns would work just 31¼ hours a week on average, putting them on perhaps the shortest working week among car workers anywhere in the world.

In spite of such advantages, many workers are reluctant to give up their weekends off.

Rover wants continuous production arrangements in the gearbox and engine areas to meet demand for its newly launched 200 and 400 series cars.

ICL unveils its most powerful computer

By Alan Cane

INTERNATIONAL Computers, the information technology arm of telecommunications and electronics supplier STC, yesterday announced the most powerful mainframes it has ever designed and manufactured.

Code named "Essex" while in development, and now known as the Series 39 SX Systems, the machines have a double significance for the UK's only mainframe manufacturer. First, despite ICL's diminished importance as a global computer supplier – it ranks only ninth in Europe according to the latest International Data Corporation market analysis – the SX range is evidence that the UK still has the skills to build machines at the leading edge of computer technology.

Second, it confirms ICL's commitment to its mainframe customers, many of them in government departments or public utilities, for which the SX range represents a growth path to performance levels comparable with those offered by any competing computer manufacturer.

The SX range is a consequence of ICL's long-standing technological collaboration with Fujitsu of Japan. ICL designs the microchips used in its systems but they are made by the Japanese company.

Mr Bonfield estimated the cost of developing the SX range at about £200m – roughly the same amount as the company had received in new business for developing systems to administer and collect the community charge in the UK.

Prices for the new systems will range from £3.5m to £5m. ICL said yesterday that it had already taken orders worth £20m for SX systems. The customers were the UK Inland Revenue Department, Yorkshire Electricity and OR Telematique, a French based financial information vendor.

Mr Bonfield confirmed that ICL will shortly launch personal computers and workstations designed and built in collaboration with Taiwan's largest personal computer company, Acer.

Royal Navy all at sea over lack of supplies

David White finds the UK navy's latest frigates still awaiting some vital equipment

SIX MONTHS after being accepted by the British Royal Navy, its latest frigate is still waiting for four crucial items of equipment. They will not arrive for many more months.

The frigate's sophisticated electronic command and control system is still under development. The helicopter it was designed to carry has not been ordered. Neither its air defence weapons nor the listening sonar that it is meant to tow have been installed.

HMS Norfolk, the first of the Type 23 class frigates, cost about £140m ($229.6m) and took four years to build. Nine more of the class are on order.

The Type 23 is highly innovative, with a combined electric and gas-turbine propulsion system unique in the Royal Navy. The hull and superstructure design avoids right-angles to help the ship hide from radar. At 170, the ship's company is 100 fewer than the predecessor Type 22 class.

Interim equipment has been installed in the Norfolk's operations room. Items still awaited are:

- The Westland-Agusta EH101 helicopter. The Ministry of Defence regards this much-delayed £2bn programme as one of its main headaches. It is soon to appoint a prime contractor to take overall responsibility for integrating all the mission systems. Meanwhile, no firm orders for the UK-Italian helicopter have been placed.

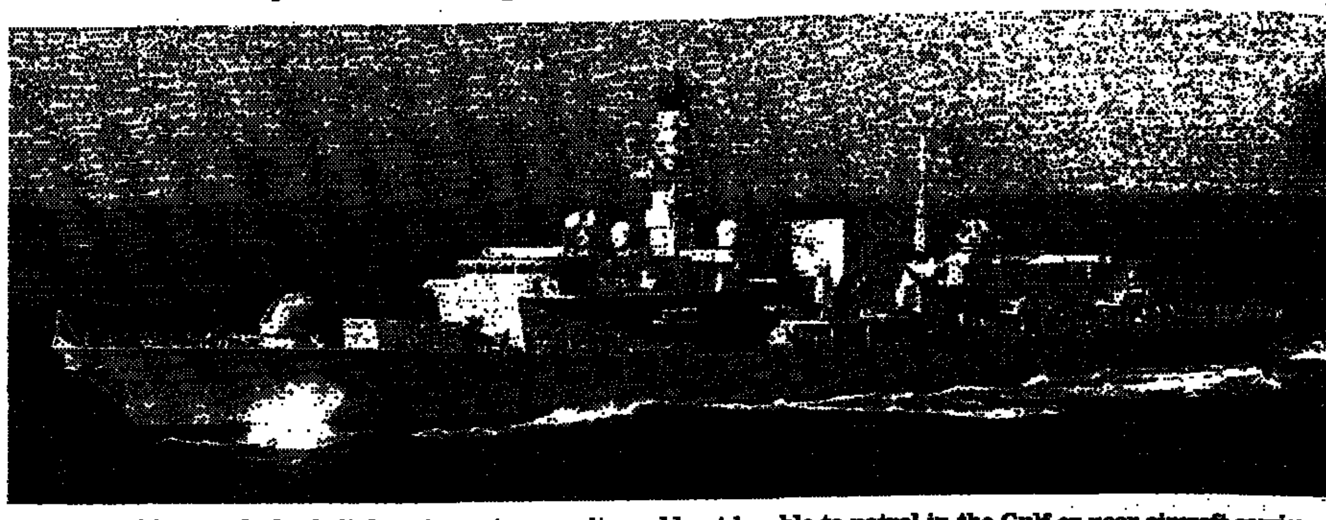
Eight EH101s are now flying, but deliveries are not expected before 1995. The flight decks of the Type 23s, made to handle the EH101, are due to receive Lynx helicopters instead in the meantime. But Navy officers say the Lynx has neither the endurance nor the capability required.

- Vertical Launch Sea Wolf missiles. Developed by British Aerospace and GEC-Marconi, these will be the Type 23's defence against missiles and aircraft. They replace two systems on the predecessor Type 22. The vertical-launch version, described as a "major advance," with a faster reaction time, is due for trials on the Norfolk this summer. But the ship's 32-missile silo now holds just one dummy canister.

In any case, the weapons could not be fully utilised without the command and control system, because of the risk of confusing friendly and hostile targets. This means that the ship could not serve in a situation like the Gulf, or patrol near an aircraft carrier. It could, however, still perform its prime function looking for submarines. That is, once it obtains its the third of the awaited items,

- Towed-array sonar. This latest version of the Plessey/GEC 2031 sonar, designed to trail about two kilometres behind the vessel and to listen for submarines, is also due shortly. Officers are less worried about this than the other awaited items, since it involves proven technology.

The Type 23 also has an active, signal-emitting sonar in the bow, but the towed sonar is integral to the original purpose of the vessel. Conceived in the first place as a "towed-array tug," HMS Norfolk has a giant winch installed in the stern under the flight deck. But at the moment it, too, is empty.


A Type 23 frigate: a lack of vital equipment means it would not be able to patrol in the Gulf or near aircraft carriers

Unionists put brake on new talks over Northern Irish devolution

By Ralph Atkins

NORTHERN Ireland's Unionist leaders – the party in favour of retaining links with Britain – yesterday are thought to have put a brake on Government attempts to start talks among the province's politicians about possible devolution arrangements.

A letter sent to Mr Peter Brooke, Northern Ireland secretary, is understood to state that the Government must set out more explicitly how it will meet Unionists pre-conditions before the present round of "talks about talks" can continue.

Mr James Molyneaux and the Rev Ian Paisley, leaders of the Official Unionist Party and Democratic Unionist Party respectively, have argued that the 1985 Anglo-Irish agreement must be suspended before formal talks could start.

Their response yesterday is likely to be interpreted as a set-back for Mr Brooke. Since the beginning of the year he has been arguing that there was enough common ground between Northern Ireland's politicians to make negotiations worthwhile.

Mr Brooke met the Unionist in March for "talks about talks" and earlier this week wrote to Mr Molyneaux and Mr Paisley proposing a further meeting. But he has always argued that progress was a "possibility not a probability".

Last night the Northern Ireland Office said the letter had not yet been received and said it could not comment until it had.

Unionists politicians, at least outwardly, have been anxious continue talks, But they appear concerned that they should not always be cast as the side that has to make concessions and pushed into talks that are not making progress.

Their preconditions include the suspension both of the regular conferences between Irish and British ministers held under the Anglo-Irish agreement and of the joint secretariat in Maryfield.

In recent weeks Government ministers have been optimistic that further progress could be made and that Unionist's preconditions could be accommodated.

Overseas banks provide loans for power station

By Maurice Samuelson

LAKELAND POWER, which plans to build a gas-fired power station in the north-west, has become the first private electricity company to secure full backing for its investment.

Money for the project costing £135m is being lent by six banks, led by the Swiss Bank Corporation, and including Credit Lyonnais, National Westminster, Skandinaviska Enskilda Banken, the Industrial Bank of Japan and the Toronto-Dominion Bank.

Banks will also be invited this week to offer terms for financing the £120m gas-fired station at Corby, Northamptonshire.

Bank support at this stage is less important for the large-scale gas-fired power stations planned by National Power and PowerGen, the two CEGB successor companies, which are expected to finance these investments largely from their balance sheets.

Meanwhile, some banking circles say that before financing new gas-fired power stations, they want assurances that such plants could not be challenged under the terms of a 1975 European Community Directive, which set out the terms under which member Governments should approve the use of natural gas for electricity production.

Britain has been pressing for the Directive to be rescinded on the grounds that it has been rendered obsolete by new technology, but other countries, led by France, have blocked the Directive's repeal.

FINANCIAL TIMES SURVEY

Employee ownership can be found in anything from co-operative enterprises to schemes in which workers hold a small proportion of their company's shares. Richard Waters takes a look at its history and the chances of employee ownership spreading

The workers' right to share

EMPLOYEE OWNERSHIP

KARL MARX and Adam Smith make curious bedfellows. Yet the heirs of these patriarchs of socialism and free-market capitalism have found common ground on at least one issue: that workers should own shares in the companies in which they work.

The result has been a growing interest in employee share ownership. Beginning in the US, where tax incentives were first granted to encourage the development of employee ownership, the bandwagon picked up speed in the UK during the 1980s. It is now rolling steadily across Europe, with countries like France and the Netherlands in the forefront, and companies which operate across the continent beginning to build Europe-wide share schemes for their employees.

Its next stop: Eastern Europe, where the promoters of privatisation are keen to give workers a stake in their country's industry. The sight of pin-striped advisers from the West passing on their experience to the eastern bloc is increasingly common.

Yet this apparent harmony on the issue of employee share ownership hides many different approaches. Allowing workers to own part of the organisation for which they work is one thing, giving them control quite another. This distinction is likely to emerge as employee-shareholders become more numerous and start to want to flex their muscles.

At the same time, employee ownership may be challenged in the years ahead for other reasons. The spread of shareholdings achieved during the 1980s coincided with a prolonged rise in share prices around the world, during which workers could see immediate benefits from their holdings.

The financial sector has been keen to promote the development, in part by lending to make it possible for companies to buy shares to give to their shareholders. Employee share schemes in the UK, like employee share ownership plans (Esops) and corporate personal equity plans (Peps), are promoted actively by advisers and financiers, who profit from the development of employee ownership.

All that could change if stock markets remain nervous or fall. Existing shareholders would then discover that this particular employee benefit is not always a profitable one, while new ones would be hard to attract.

The complex relationships of ownership and control thrown up by employee share ownership – and the political motivation behind the developments – have been demonstrated recently by the very different cases of the US and Poland.

In the US, where fiscal incentives were first introduced in the early 1970s (campaigning for tax breaks began as early as the 1950s), there are now reckoned to be 10m employee shareholders in 10,000 companies which run Esops.

Last year, however, the US employee share ownership movement took a sharp change of direction, prompting the first reduction in tax benefits for Esops. Following the contested bid for Polaroid the year before, companies discovered that Esops provided a possible defence against takeover, enabling them to build up a blocking stake in friendly hands. Employees are generally thought to be more friendly to an existing management than to unknown predators, whose plans may cast doubt over their futures.

This concerns non-employee shareholders, who fear they may be left with little say – a concern which is crossing the Atlantic as such schemes look set to become more common in the UK. Esops have also been used to mount leveraged buyouts, a craze which has lost favour in recent months.

The amount lent to Esops in the US bears out this change in direction. Last year, lending increased by about four times, to $24bn. The cost to the taxpayer is substantial. Lending to ESOPs remains strong, at $8bn in the first quarter this year, according to consultants Kleiman International. This year, the cost to the taxpayer is likely to reach around $1.25bn.

Banks, for whom such schemes had become big business, have now lost some of the tax benefit of lending to Esops. Their loans to the schemes had been partly tax-deductible, a concession that has been removed unless the Esop owns at least half the shares in the company which set it up.

In Poland, meanwhile, concerns about control of companies have come from a very different quarter. As elsewhere in the eastern bloc, the Marxist aim of securing for workers the control of the means of production has been high in people's minds. Poland is now on the brink of a rash of privatisations. Advisers to Poland from the west, however, have urged that workers should be given only a small stake in their newly privatised employers.

One of those to visit the country in recent months, Mr Laurie Brennan of New Bridge Street Consultants, a leading consultancy in the field, summarised the arguments. Employee ownership would go only part of the way towards the creation of a market economy, he says: Capitalism must be spread more widely if it is to take root. Also, keeping shares in the hands of employees would not help the financing of capital intensive industries or enable the country to maximise its return from the sale of state-owned organisations.

While the US and Poland may represent two extremes, the emergence of employee share ownership has proceeded tentatively and relatively uncontroversially in a country like the UK. Tax efficient ways of encouraging employee ownership were first launched in 1978, since when share incentives have become a standard part of many employees' remuneration, particularly that of executives.

The UK Government estimates that 2m workers own shares, although these figures are widely questioned. There have also been conspicuous successes among employee-owned companies, which are few and far between, with NFC (the former National Freight Corporation) usually held up as the shining example of the merits of worker involvement.

However, critics claim the government has not been radical enough in its pursuit of employee ownership. Shares are spread thinly among workers, with few owning a substantial stake. Many who take part in share option schemes sell out when their options mature – a trend which is likely to be accentuated in the near future as savings-related options schemes established from the mid-1980s onwards mature. Also, as interest rates continue to eat deep, more shareholders are likely to sell their holdings to support their incomes.

Falling stock markets could accelerate the exodus, undermining the confidence of employees, as well as other individual shareholders, in share ownership. For employees whose companies become bankrupt, the picture could be even worse: their employment and a substantial part of their capital could be wiped out in one go. That could make the claims made for employee share ownership by the advisers who have made money out of its development sound hollow indeed.

The critics have not been silenced by a move which was intended to enourage greater take-up of shares – the creation of Esops.

Esops are intended to provide a mechanism for companies to borrow to buy shares to be distributed among their employees: "Employees will never have a sensible stake in their businesses unless they can borrow to do it," says Mr Malcolm Hurlston, executive chairman of the Esop Centre, a lobby group based in London.

First recognised in last year's Finance Act, Esops have not caught on. According to Mr Hurlston, as many as 200 companies inspected the statutory Esop idea and backed away. Restrictions on the way such schemes are run, such as the requirement to reward all employees equally, have made them unattractive to companies – particularly when similar arrangements can be set up which do not fall within the statutory definition.

These unofficial schemes could become far more common following a change in last year's Companies Act, which took effect last month. It had been difficult for companies to guarantee a loan to an Esop plan for the benefit of their shareholders without breaching the law forbidding companies from giving financial assistance for the purchase of their own shares – an obstacle which has now been removed.

Most companies which have opted for partial employee ownership, meanwhile, remain passionately convinced about the merits of the idea. There is no evidence to prove that companies' profits rise as their employees develop a new sense of commitment. Also, it is hard to separate the effect of share ownership from the other incentives used to motivate employees. But that doesn't kill the belief.

Mr Roger Cadman, personnel director of PA, the consulting group whose employees in 20 countries own shares, is typical. Attitudes change when employees own shares, he says. The result is a more commercial outlook: "The whole aggregate of the million little decisions and actions that people take has an effect," he says.

EMPLOYEE OWNERSHIP 2

Richard Waters reports on the tricky business of coaxing shares into the hands of staff abroad

UK up with the leaders in 'export' schemes

FOR any company with international operations, providing efficient ways for employees at home to acquire shares in the company is only a partial answer to widening employee share ownership. Equally important is putting shares into the hands of overseas employees, a complex and time-consuming business which more and more companies are having to confront.

The UK is arguably the world leader in the export of employee share schemes. UK-based multinationals have done more in recent years to extend share plans to their worldwide workforces than those from any other country, including the US. Part of the reason for this is the sophistication of the UK's legislation in this area: its three basic plans (profit sharing, savings-related and executive option) are used as models for group-wide schemes with worldwide reach.

As such schemes become more common, especially at executive level, so the pressure grows on companies which do not already have them, to set up their own schemes or risk falling behind in the benefits race.

BP is typical of companies working on ways of spreading share ownership more widely among its employees around the world. It has operated three schemes for UK employees for several years, with considerable success. These schemes – a savings-related plan, a participating scheme through which the company matches any shares employees buy, and a share option scheme for senior executives – cover around 70 per cent of the company's 30,000-strong UK workforce.

Last year four smaller plans were started, covering the 1,100 UK staff working abroad. The take-up rate is again around 70 per cent.

However, people covered by these various arrangements account for only a quarter of the group's total staff. In the US alone, the group employs a third as many again as in the UK. If employee share ownership is a good idea, why restrict it to a privileged few?

If employee share ownership is a good idea, why restrict it to the privileged few?

BP is carrying out a review of what sort of interest there would be internationally in a wider share arrangement – encouraged in part by prompting from subsidiaries in countries like Australia and Norway. The research also extends to the type of schemes that could be established in each country, and how shares could be delivered most effectively to employees.

"Each scheme will need to be individually tailored," the company says. "We're finding as we go along that local cultures and tax positions and other requirements are so different that it will take a lot of tailoring of our existing schemes."

At its annual meeting last month, BP received shareholder approval for extending its existing share arrangements internationally, although no specific schemes have been developed. The resolution put to the meeting, the company says, was modelled on similar moves by companies like British Gas and Johnson Matthey.

One company which has already been through the effort of establishing an international scheme is Wellcome. At its flotation in 1986 the drugs company made share offers to employees in 22 countries (it has since followed up with offers in several others). The effort involved was considerable: according to Mr Neville Machin, in charge of employee relations, any company thinking of going down this road will probably end up spending twice as long as anticipated in devising and launching the scheme.

Much depends on how this is done. Wellcome's approach (prompted in part by the need to have its schemes in place for its flotation) was to set up three off-shore schemes, based on the three UK models. It then sought local approval for its schemes in each country, where necessary adapting them to meet local regulations.

The alternative is to build tailor-made schemes in each country, usually by introducing schemes piecemeal around the world rather than taking the "Big Bang" approach of launching a broad international scheme at one date. This is likely to be more time-consuming and expensive – according to Mr Machin, around £20,000 in a typical European country – but could be better matched to the needs of employees in any particular country.

Devising and launching a scheme can take twice as long as anticipated

Mr Machin, who has since written a book on the experience – "Share plans for employees abroad," (Stapleford Press) – lists the obstacles likely to arise: securities laws, exchange control regulations, tax rules, labour laws and specific employee share-ownership legislation all intrude, making this a highly complex area.

The technical difficulties highlight an important policy consideration: should companies try to ensure that employees in each country are treated equally – and is this even possible?

Wellcome's own answer was to ignore the after-tax benefits of employees in different countries, and concentrate on getting equality at the pre-tax level. The time available before its flotation, and the sheer complexity, would have made it extremely difficult to ensure the same net return to all employees, the company says.

However, the group works to make sure employees receive the most favourable tax treatment available, tailoring its schemes as legislation changes in particular countries.

It also adjusts earnings of employees in each country to a UK "base" level, so that at the pre-tax level employees in high-pay countries do not benefit more than those in lower-pay ones.

Wellcome's experience illustrates one important aspect of international schemes: extensive communication with workers around the world is essential in ensuring an adequate take-up of shares. At the time of the company's flotation, 67 per cent of employees took up shares in the matched scheme while 38 per cent applied for shares in the priority issue. Take-up of the US, at 67 per cent, compared to 39 per cent in the UK and just 10 per cent in the rest of the world (although there was a higher take-up rate in countries like West Germany and Canada).

Apart from different tax regimes and different levels of disposable income, Mr Machin said the main deciding factor was the level of understanding among employees. A great number of face-to-face meetings are needed to ensure the idea takes root, he said.

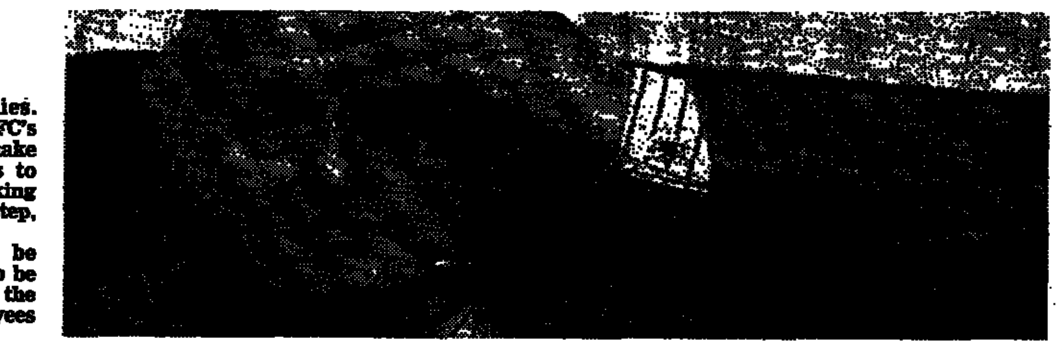
However, extending share ownership to employees abroad need not be a complex business. CMG, an employee-owned computer services group with 1,600 employees, more than half of them outside the UK, provides little in the way of inducements for employees to buy shares, but 80 per cent of the work force owns shares, and share buying activity is about the same abroad as in the UK.

Tax is not an issue, since shares are bought and sold at market value, which is fixed on one dealing day (1 July) each year. Dividends are based in sterling, but can be paid in foreign currency if workers prefer. The company ran a profit-sharing share scheme at one stage, but dropped the idea, in part because of the complexity. It still has a share option scheme.

One of the main deciding factors is the level of understanding among employees

According to Mr Ron White, a CMG director, shares are held widely because the company has a good track record of capital growth and pays a substantial dividend each year. Also, many employees believe that a stake in the company will help to keep it independent, he says.

The NFC success story



MAKING it easier for employees abroad to acquire shares brings its own problems: how, for instance, do employees deal in shares quoted on a foreign exchange, in a foreign currency?

NFC, the buy-out vehicle led by Sir Peter Thompson (right), which is widely seen as one of the most successful employee-owned businesses, faced up to the problem this year. It created a market in its shares in the US aimed specifically at its 3,000 shareholder-employees in the country, (although the move has encouraged non-employees as well to buy shares in the company).

NFC's shares are now quoted in American Depository Receipt (ADR) form, alongside those of a growing number of UK companies. Unlike others, however, NFC's intention was purely to make it possible for employees to buy and sell shares – making it the first to take such a step, the company claims.

Moves like this may be expensive, but are likely to be the best way of reinforcing the value of shares to employees based abroad.

STOCK EXCHANGE

Investors feel threatened

INSTITUTIONAL investors who dominate the London stock market feel nervous about what they see as the potential for abuse of Employee Share Ownership Plans (Esops), and the damage this could do to their interests. These investors have managed to live with widening share ownership among workers with few problems so far, at least since they introduced guidelines on the extent to which they were prepared to see companies issue new shares to workers.

The institutions were prompted by two concerns: that their own shareholdings would be watered down by new issues of shares, and that executives were awarding themselves large share bonuses without in all cases earning them. Their guidelines to companies – drawn up by the investment protection committees of the National Association of Pension Funds and Association of British Insurers – reflected these fears.

In general terms, companies are limited to issuing no more than 10 per cent of their shares over a 10-year period to all their employee share schemes. Also, executives must actually earn their shares: options on shares should only be exercisable if the company has achieved a real growth in earnings per share over a three-year period.

The 10 per cent limit can make life difficult for companies – as has been amply demonstrated by British & Commonwealth, the financial services group currently undergoing a major restructuring in the wake of problems at its Atlantic Computers subsidiary.

B&C found itself up against the guideline ceiling, yet had executives clamouring for more shares. For a company in an industry which relies so heavily on people, failure to satisfy this need could have been disastrous as executives defected for new positions where employers were able to offer share options. B&C's answer was an Esop, through which it could finance the acquisition of existing shares (rather than having to issue new ones) and so get around the institutional obstacle.

The Esop, on the basis of independent investment advice, bought B&C shares for later distribution to executives, believing that the share price was likely to rise. Instead, it plummeted.

The company recently announced its intention to set up a provision for £45m against the money it had lent to the share scheme, reflecting the likely loss on shares – a large potential write-off, although still dwarfed by other provisions against losses at Atlantic Computers.

Although exceptional, the B&C case exposes the problems in which share schemes can help to land a company – although, had the company decided not to pre-fund its executive share scheme, the losses would not have arisen.

The emergence of the statutory all-employee Esop, meanwhile, concerns institutions for other reasons. There is a widespread fear that, rather than being used to further the cause of employee share ownership, such schemes could be used to concentrate shares in the hands of groups friendly to managements.

The Association of British Insurers, for instance, says it supports the widening of share ownership – but that Esops may not always have this effect. "To the extent that they make it possible to stockpile shares, mount management buy-outs and entrench the existing management, Esops don't lead to wider share ownership," the association says.

The National Association of Pension Funds, representing another powerful grouping of investors, also says it is concerned about the possible creation of "blocking interests" in public companies – that is, stakes large enough to obstruct moves which are backed by "outside" shareholders.

Esops enable significant stakes to be acquired on behalf of shareholders. The Finance Bill, in its current form, favours the creation of large employee stakes, at least in private companies. To qualify for rollover relief when selling shares into an Esop, the proprietor of a private company must pass on at least 10 per cent of the company's shares.

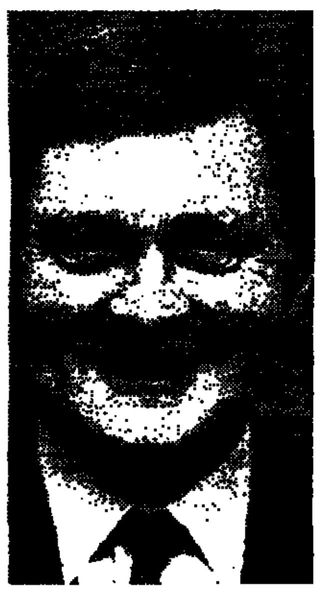
In public companies the same incentive does not exist – although, by their nature, Esops involve a greater take-up of shares than other types of share scheme (the existence of a loan to enable the trust to acquire shares at the outset means the take-up of shares is likely to be higher than in cases where finance is not provided).

These shares are not released immediately, but are held in trust, giving trustees significant powers. And, in the words of one observer: "In an ideal world, trustees would be independent. But life is not always like that."

Esops also introduce a new element into the equation: the dominance of trustees representing the employees. Until the shares held by the Esop have been acquired by employees, it is the trustees who have the whip hand. Institutional investors fear these people's loyalties may be divided.

New Esop schemes will therefore be watched closely by institutions, wary of what they see as potential abuse. Should their fears prove correct, they would almost certainly produce further guidelines on what they regard as acceptable practice in this area – although it is difficult to see how such guidelines could be enforced, since shareholders have no say over the setting up of such schemes.

Richard Waters



Mr John Randall, group finance director of MFI

Employee-owners are just like other other shareholders, writes **David Waller**

When the economic chips are down

SHARE ownership in the workplace is all very well when the company is doing well, its profits and sales are surging ahead and a stock market listing is imminent. Witness the happy case of the drivers, cleaners and foremen at National Freight Corporation, who now find themselves the owners of shares worth tens of thousands of pounds.

In a difficult economic climate, however, it would not be surprising if employees lost interest in owning shares in the company for which they work. Much of the joy of owning shares comes from watching them climb in value, and the effect may be totally different if the company concerned is struggling in a climate of depressed consumer demand and high interest rates.

Employees at Magnet, the manufacturer and retailer of kitchen furniture, were poised last summer to take a substantial stake in their company after Mr Tom Duxbury successfully completed a £629m management buyout.

Unfortunately, the company soon suffered from that deadly combination of depressed consumer demand and high interest rates; a refinancing was organised, and Mr Duxbury left the company.

According to Schroders, the merchant bank advisers to the beleaguered company, it is likely to be some time before the (by now much-reduced) workforce is given the opportunity to participate in an Employee Share Ownership Plan (Esop).

One company operating in the same, troubled sector of the economy is MFI, the self-assembly furniture company which successfully completed a buyout from ASDA-MFI in the weeks before the October 1987 stock-market crash. At £715m, the deal was four times bigger than any previous buyout in the UK.

At the time of the buyout, managers owned 3.75 per cent of the company's equity. In May 1988, MFI bought shares left over from the underwriting the previous autumn and lodged them in an employee trust.

The first – and so far the only – offering of the shares to the company's 7,000 employees took place thereafter, and 3,600 became shareholders.

In its first couple of years as an independent company, MFI did spectacularly well. In July 1988, it announced a 55 per cent rise in profits for its first half-year trading period; by January of the following year, operating profits for the subsequent six months were up by 56 per cent. A flotation was planned for the autumn and the company was expected to attract a market value of some £1bn.

Unfortunately for the company, interest rates began to climb, and house buyers stopped moving or buying furniture. During the course of 1989, sales, cash-flows and profits came under pressure. Eventually, last August, the company announced a £95m refinancing package and said its flotation would be postponed for up to three years. (In the same week, Lowndes Queensway, another furniture retailer bought out by management, announced a refinancing package of its own).

So what has happened to employee ownership in the meantime, especially in the light of the redundancies which have gone hand-in-hand with the financial restructuring?

Some 1,500 employees have left the company since the first (and only) £1m tranche of shares was allotted in May 1989. If the purpose of an Esop is to make sure that company and workforce have the same goal, it must be rather difficult when a loyal, share-owning worker has to live with the prospect of losing his or her job.

Mr John Randall, group finance director, is adamant that the Esop has in fact had a motivational effect in spite of the fact "that the value of those shares has clearly gone down since they were first issued." I'm not certain whether it matters that the shares are worth less now," says Mr Randall.

"After all, the shares were given away in the first place: it is not as though employees are out of pocket. Unlike at National Freight, there is no internal market in the shares and they won't be able to sell them until the company is floated."

If anything, owning the shares has concentrated the minds of the workforce on the problems facing the company during difficult times. "They may see those shares fall in value but that serves to develop their degree of involvement in the company. I think it means they more readily understand the step management has had to take – is still having to take – in order to bring the situation under control.

"I really think share ownership has helped us overcome the difficulties we've had in the last year."

That is borne out by employees' support last summer, he claims. "Look," says Mr Randall, "we had a rights issue in extremis. All shareholders, including employee shareholders, were asked to subscribe, although we did not think for one moment that any of the employees would take up their rights. We were amazed and heartened to find that 60 per cent of our employees who owned shares actually took up their rights".

What is required, Mr Randall contends, is an open style of management: "You have to keep everyone informed." To that end, he says, offering shares to the employees is part of the company's general philosophy.

Richard Waters takes a look at tax law's contribution to employee ownership, and at how the business world is responding

Share schemes to pep up interest

TAX law has given rise to two new forms of share scheme, both of which have added to the jargon of employee ownership: the company personal equity plan (Pep) and the employee share ownership plan (Esop). However, such new devices are generally still talked about more widely than they are used.

Company Peps are an extension of the Peps that have been offered by banks and others to retail share investors for the past three years. Under this arrangement, a company sets up a plan which enables employees (and, if it wishes, its outside shareholders) to hold their shares in a tax-efficient way. Dividends on shares held in the scheme are free of income tax, while gains made from the sale of shares in the plan do not attract capital gains tax.

Such arrangements are likely to be particularly attractive to companies with employee share option schemes which are maturing – although, to date, they have been more common among newly-floated companies. When share options mature, it is common for employees to sell a large proportion of their shares, reducing the benefit of longer-term equity involvement. By setting up a Pep, a company may encourage employees to hold on to at least more of their shares.

Company Peps, run by outside managers like CC&P, which has led the market in the creation of such schemes, also attract lower management charges than the high fees which have made other types of Pep unappealing.

However, the use of such plans causes concern in some quarters. Peps were a creation designed to widen share ownership, and to encourage small investors to hold a range of investments. Individuals can have only one Pep. Restricting this to one company's shares therefore discourages broader share portfolios.

There is nothing to stop such company Peps being used to hold other companies' shares as well, of course, although their use for this purpose may make them less attractive to the "host" company.

The second fashion in the *employee share world is the* Esop. The creation of last year's Budget, the statutory Esop has so far not been used by a single company (company Peps, on the other hand, have been set up by more than a dozen companies). Other "Esops" do, however, exist: around a dozen companies in the UK have schemes which fall outside the 1989 legislation, but still meet the basic definition, while many more are thought to operate selective schemes for executives.

An Esop is a trust which is "bolted on" to a share distribution scheme, such as one of the three types of share scheme approved by Inland Revenue. The trust acquires shares in the parent company and holds them for later distribution to employees.

It is financed by a loan to the trust, which is usually secured on the shares held by the trust and guaranteed by the parent company. Since last year's Finance Act, the cost of servicing the loan has been tax deductible, provided the scheme meets certain requirements. Under case law the same deduction already existed, but providing a statutory base for such schemes is intended to enhance their attractiveness. The restrictions surrounding how such schemes are run, however, have prevented them from being taken up.

This year's Finance Bill also contains an incentive for the creation of Esops, aimed at (but not restricted to) the proprietors of private companies. Until now, it has been more tax efficient to sell a stake in a private company to another business rather than to the company's own workforce.

A sale in exchange for shares in the purchasing company attracts rollover relief, *meaning that the capital gain* on the sale does not crystallise until the shares of the parent are sold. By contrast, any capital gain on a sale to the company's own employees has been taxable immediately. This, claim critics, has made it difficult for companies to *retain their independence.*

The government has heeded the protest. Under this year's Finance Bill, the capital gain on sales of shares into an Esop is not taxable immediately, providing the proceeds of the sale are reinvested in other assets which will fall within the scope of capital gains tax *when they are later sold.*

The tax position for private companies in the UK is now more attractive than that in the US, the home of the Esop. In the US, the gain on the sale of shares can only be rolled over if at least 30 per cent of the shares are sold into the Esop. The corresponding figure in the UK is 10 per cent.

Problems with Esops remain. For instance, they cannot be used in connection with savings-related options schemes, due to differences in the legislation governing the two types of schemes. In an Esop, all employees must be *treated equally, whereas under* a savings scheme, some may not exercise their options to buy shares. This makes the two impossible to match.

Less of a tax perk

TAX changes two years ago seemed likely to make share benefits less attractive as part of employees' overall pay. The signs are, however, that Inland Revenue-approved share schemes are being set up at as fast a rate as ever, and that the declining tax benefits have had little effect.

In 1988, income and capital gains tax rates were brought into line, with individuals paying CGT at their top rate. For a higher rate taxpayer, that has since meant a tax rate of 40 per cent, compared to the 30 per cent on capital gains and maximum 60 per cent on income the previous year.

At a stroke, this did much to take the allure out of being renumerated through capital gains rather than income – although some tax benefits persist. For instance, individuals still receive a £5,000 annual CGT exemption, and taxable gains are indexed against inflation.

The main attraction of Inland Revenue-approved share schemes had been that share benefits granted under them were subject to capital gains tax, and not taxed as income from employment (as other employee benefits are). However, to qualify for this concession, companies must follow restrictive rules about how such schemes are run.

Despite the recent tax changes, Revenue-approved share schemes continue to proliferate. For instance, at the end of 1989 there were 4,199 discretionary share option schemes in place, compared to just 2,949 two years ago, an increase of more than 40 per cent. The number of all-employee schemes, by contrast, grew by 20 per cent over the same period.

These figures demonstrate both the extension of share benefit arrangements and the fact that the tax advantages of running a Revenue-approved scheme are still valued, *despite the limitations such* schemes impose on the way benefits are shared out.

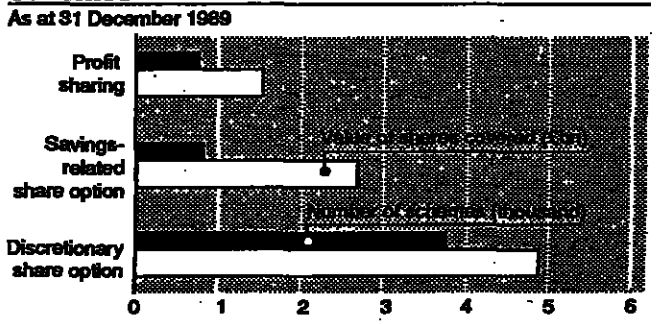
Increases to the benefits available under approved share schemes have also been widely welcomed. For instance, last year saw enhancements to the 1980 SAYE scheme which enable options to be granted over shares at a 20 per cent discount to market value, rather than 10 per cent. Also, the maximum monthly savings have risen from £100 to £150.

Under these schemes, employees set up a Sharesave account with a building society, Department of National Savings or (following this year's Budget) a bank, under which money is invested over five or seven years. At the end of the period, they receive a bonus equal to 12 monthly payments (in the case of a five-year plan) or 24 monthly payments (seven-year). When the account is set up, employees are granted options over *the company's shares – at a* discount of up to 20 per cent of the market price – worth the same as the proceeds of the savings schemes.

Mr Brian Friedman, of accountants Stoy Hayward, calculates that the effective return to a basic rate taxpayer taking out a plan is 21.5 per cent a year over the life of the savings contract, even if the company's share price is static. Add a 10 per cent increase in the share price, and the annual return rises to 47.7 per cent, he says.

Take up of Inland Revenue-approved share schemes

As at 31 December 1989



Source: Inland Revenue

TAKE-UP OF SHARES IN ALL-EMPLOYEE SHARE SCHEMES

	Value of shares in year (£m)	Present value (£m)
1980	50	230
1981	85	323
1982	215	495
1983	248	570
1984	264	502
1985	730	1,146
1986	580	748
1987	740	932
1988	1,000	1,222
1989	1,320	1,320
TOTAL	5,232	7,488

Source: The Share Centre/Corporate Communication Strategy

The pros and cons of Esops

EMPLOYEE share ownership is not just a management tool for remotivating employees. These days it is as likely to be found in the tool kit of finance directors, thanks to the development of the Employee Share Ownership Plan (Esop) as an aid to corporate financing.

It is because of this that the City has adopted Esops in a big way.

Like other types of statutory share schemes, Esops provide work for accountants and lawyers. Unlike other schemes, however, the Esop also introduces a lending opportunity for banks, which provide the loan to enable an Esop trust to buy shares for later distribution to employees.

It is therefore no surprise that the Esop Centre, the lobby group which has campaigned effectively for changes to the tax code to make Esops more attractive in the UK, is funded from the City.

The Esop, says its supporters, is a useful corporate finance tool, and can be used to enhance a company's earnings per share. This is because, with a rising share price, the cost of servicing the loan to the trust is less significant than the growth in *the company's share price over* the period of the share ownership plan.

Like other statutory share schemes, Esops provide work for accountants and lawyers

It therefore pays to meet future liabilities under share schemes by borrowing to buy the shares now and holding them until distribution, rather than waiting until the liabilities arise.

There are other advantages to meeting liabilities under share schemes out of existing shares purchased on the market, rather than newly-issued ones. Companies do not have to pay out higher dividends – an advantage for those which already have unrelieved advance corporation tax (that is, the tax deducted from dividends already exceeds their UK mainstream corporation tax bill, leaving them with a higher tax charge than would otherwise arise).

The City's case appears to be supported by recent research from lawyers Clifford Chance.

Based on the experience of Sainsbury and ICI over the past 10 years (but undertaken without the assistance of the companies concerned, and therefore possibly subject to error), this concludes that both companies would have benefited from setting up an Esop 10 years ago – had such arrangements been around at the time, which of course they were not.

If it had not issued shares to employees over the last ten years, for instance, ICI's earnings per share would have been five per cent higher than at present.

In Sainsbury's case, earnings per share would be 10 per cent up.

These numbers sound convincing. However, they come in the wake of one of the longest bull markets ever. A flatter or falling stock market, and higher funding costs for the Esop during a period of higher interest rates, would turn the figure right around, leading possibly to an overall loss.

For this reason, the emergence of the statutory Esop in the UK appears particularly badly timed. Heavy gearing is mistrusted, and seen as a creation of the *imprudent 1980s (fed* particularly from the United States).

As corporate earnings come under greater pressure as high interest rates continue to bite, and balance sheets begin to show the strain, it will be to equity rather than to debt that finance directors look in order to bolster their finances.

This case should not be overstated: a £50m Esop, for instance, would hardly undermine the finances of a multinational company. The corporate finance case for Esops, however, is nevertheless weaker now than it would have been, say, three years ago.

Two other things are likely to make the Esop route less attractive than it might have been.

Firstly, although promising long-term growth in earnings per share (EPS), there is an immediate reduction in the year or two after an Esop is set up. This comes from the funding cost borne by the company in the days before the benefits begin to feed through. How many companies, it could be asked, would be prepared to take an immediate drop in EPS in return for the promise of higher returns in future, particularly when these are not assured?

Much depends on whether the company in question is prepared to take a long-term view

According to Mr Geoff Knox of Chemical Bank, which has financed one of the few all-employee Esops in the UK at MFI, much depends on whether the company in question is prepared to take a long-term view. Managements which believe their share prices will perform well in the years ahead, or who think they are undervalued by the market at the moment, will be prepared to take the plunge, he says.

The second thing likely to *stunt the growth of Esops* is the experience of British & Commonwealth, a company with its own executive share scheme. Its advisers had believed B&C shares would rise in the years ahead, but the collapse in the company's share price has forced it to set aside £45m against money it invested in shares for its executives.

That, for any firm considering its own plan, will provide a salutary warning of what happens when share prices go down rather than up.

Executives get the big slice

THE extent of employee ownership in the UK is difficult to establish with any degree of certainty. However, the following conclusions can be drawn from what information does exist:

● There are considerably more share schemes in existence for senior executives than for employees in general.

Considerably more schemes exist for senior staff members than for employees in general

The bar chart (above left) illustrates this clearly: by April last year (the last date for which full figures are available) Inland Revenue had approved around 800 profit-related share schemes and 800 SAYE schemes, both of which are all-employee plans. By comparison, there were 3,795 discretionary share option schemes, under which share benefits tend to be limited to senior employees and directors.

The value of shares issued or subject to an option through discretionary schemes reached £5.9bn by last April – almost as much as all-employee profit sharing schemes (£1.47bn) and SAYE schemes (£3.6bn) put together.

● The number of employees who hold shares in their companies is difficult to assess, but appears to be something approaching 2m.

Inland Revenue estimates that 2m employees have benefited from employee share schemes, although many of these may have subsequently sold their shares. The estimate ties in with other research into the spread of share ownership in the UK.

For instance, a Confederation of British Industry survey published earlier this year indicated that a fifth of people who bought shares did so as part of an employee ownership arrangement, and the most recent estimate for the number of shareholders in the UK is in excess of 11m.

Other findings suggest the number of employee-shareholders is smaller. Around 3 per cent of adults hold employee shares, according to the CBI. With 40m adults in the country, that suggests 1.2m employee-shareholders in all.

Fewer than 10 per cent of workers who could benefit in the UK are thought to be included in Esops

● It is equally difficult to assess what proportion of workers who could potentially benefit from share schemes in the UK are currently included in such arrangements, but the figure is generally put at below 10 per cent.

Around half of the country's 40m adults work. Many, however, are in the public sector and so have no chance to acquire shares in their employer company.

The same is true of people who work for partnerships, or are self-employed.

● Had employees who received shares under all-employee schemes retained their holdings, they would have been worth more than £7bn by the end of last year.

This is shown in the table (above right), where the original value of shares issued under approved share schemes has been adjusted to take account of changes in the FTSE 100 share index during the 1980s.

● A considerable proportion of companies that use share schemes have more than one type in operation.

The about 5,500 approved schemes in place are estimated to be run by around 4,000 companies.

Arts Week

F	Sa	Su	M	Tu	W	Th
4	5	6	7	8	9	10

OPERA AND BALLET

London

Royal Opera, Covent Garden. Michael Hampe's staging of *La Cenerentola* (borrowed from the Salzburg Festival) is not well served by its London incarnation – above all as a vehicle for the ill-cast Agnes Baltsa. With Deon van der Walt, Claudio Desderi and Francois le Roux, and conducted by Carlo Rizzi.

English National Opera, Coliseum. The return of *The Marriage of Figaro*, in Jonathan Miller's much-revived production, brings back Valerie Masterson, Lesley Garrett and Ethna Robinson as ENO Mozartians, and introduces Steven Page's Count and Gregory Yurisich's Figaro; the conductor is Michael Lloyd.

Paris

Bastille Opéra. The newly inaugurated controversial opera house presents Janacek's mystical *Katia Kabanova* in which sensuous love is followed by remorse and guilt and a final tragedy (40011616).

Paris Opéra. *Swan Lake* in Nureyev's choreography after Petipa and Ivanov with the Paris Opera Orchestra conducted by David Colemann and Michel Queval (47425371).

Antwerp

Koninklijke Opera. The Royal Flanders Opera in Verdi's *Don Carlo* conducted by Ingo Metzmacher staged by Gilbert Deflo, sets by Ezio Frigerio.

Liège Opera, Théâtre Royal. Royal Wallonia Opera in Smetana's *La Fiancée Vendue* staged by Antoine Vanderweyen and conducted by Andrée François.

Milan

Teatro alla Scala. Riccardo Muti conducting Liliana Cavani's traditional and highly successful production of *La Traviata*. Two young and unknown singers, Roberto Alagna and Tiziana Fabbricini give a touching and totally convincing rendering of the lead roles. Also a *Midsummer Night's Dream* danced by the Scala Ballet company with Robert de Warren's choreography and sets and costumes by Nadine Baylis (80.91.26).

Florence

Teatro Comunale. Maggio Musicale opens with an attractive production by Pier Luigi Pizzi of Rimsky-Korsakov's *Legend of the Invisible City of Kitezh* sung in Russian, with Italian surtitles. Myung-Whun Chung conducts an excellent cast led by Katerina Ikonomou (2779236).

Bologna

Teatro Comunale. The Munich Bayerische Staatsoper's production of Richard Strauss's *Intermezzo*, sung in German, with Italian surtitles. The cast includes Pamela Coburn, Adolf dalla Pozza and Alan Titus, conducted by Gustav Kuhn (529999).

Venice

Teatro la Fenice. Claude d'Anna's production of Verdi's *Ernani* conducted by Donato Renzetti, with Giovanna Casolla and Renato Bruson (5210161).

Madrid

Teatro Lírico Nacional la Zarzuela. This week's programme includes Tchaikovsky's *Pikovaya Dama* conducted by Miguel Angel Gomez Martinez. It is a production of the English National Opera and has a cast led by Yuri Marusin, Elena Obraztsova and Natalia Troitskaya. Ends May 16 (429 82 25).

Berlin

Opera. *Die lustigen Weiber von Windsor* is a well done repertoire performance. Hans Werner Henze's music drama *Das verratene Merr*, specially composed for Berlin is jointly mounted with La Scala, Milan, and will have its world premiere this week produced by Götz Friedrich.

Hamburg

Opera. *Zar und Zimmermann* has fine interpretations by Juergen Freier, Gabriele Rossmanith and Peter Galliard. *Arabella* stars Olive Fredricks, Lucia Popp, Hellen Kwon, Dieter Weller and is expertly conducted by Heinrich Hollreiser, Harry Kufper's successful *Tannhäuser* production is well sung by Guenter Neumann in the title role, Andreas Schmidt, Kurt Moll, Heinz Kruse, Stefania Toczyska and Ana Pusar. Further performances of *Fausts Verdammnis*, sung in French with Delores Ziegler, Keith Lewis, Jean-Philippe Lafont and Harald Stamm. A Marilyn Horne Lieder recital rounds off the week.

Cologne

Opera. *Die Walküre*, part of the new *Ring* cycle in a co-production with the Düsseldorf Opera, produced by Kurt Horres is sung by Wolfgang Schmidt, Robert Hale, Matthias Hoelle, Nadine Secunde, Hanna Schwarz Deborah Polaski and Claudia Rueggeberg. Also in repertory: *Die verkaufte Braut* and two ballets *Giselle/Lulu*.

Bonn

Opera. Jean Claude Riber's *Das Rheingold*, part of the new cycle, was well received when it opened last week with Siegmund Nimsgern, Urban Malberg, Christer Bladin, Hanna Schwarz, Manfred Schenk and Graham Clark. *Madame Butterfly* returns in Marco Arturo Marelli's wonderful production. Further offered Youri Vamos' ballet *Coppelia*.

Frankfurt

Opera. *Otello* stars Rene Kollo in the title role, FrederickBurchinal, Allan Glassman, Helena Doese and Manfred Schenk. *Rusalka* has a strong cast led by Eva Randova, Manfred Schenk and Eliane Coelho. Schoenberg's rarely played *Moses und Aron* produced by Herbert Wernicke was very successful, when it opened last week with Gerhard Faustich (Moses) and William Cochran (Aron).

Munich

Bayerische Staatsoper. *Der Freischütz* features Gabriele-Maria Ronge and Walter Raffeiner. *Turandot* is sung by Ghena Dimitrova and Lando Bartolini. *Der Barbier von Bagdad* has a first-rate cast led by Lucia Popp, Cornelia Wulkopf, Kurt Moll and Claes H. Ahnsjoe. *Le Nozze di Figaro* stars Lucia Popp, Delores Ziegler, Barbara Bonney and Bernd Weikl.

New York

American Ballet Theatre. The 50th anniversary season includes in its first week Mikhail Baryshnikov's *Giselle*, along with the revival of Sir Kenneth MacMillan's *Birthday Offerings*, originally commissioned for the 25th anniversary. Ends June 30. Opera House at Lincoln Center (362 6000).

New York City Ballet. With a repertory still heavily steeped in Balanchine, the company features a festival of Jerome Robbins's ballets in the middle of a season that lasts till July 1. New York State Opera House, Lincoln Center (870 5570).

Paul Taylor Dance Company. A month of mixed repertory from this classic and popular modern company. Ends May 13. City Center (246 0102).

THEATRE

London

Anything Goes (Prince Edward). Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 8951, cc 836 2428).

Jeffrey Bernard is Unwell (Apollo). Tom Conti is the alcoholic journalist who embodies a Falstaffian, nay-saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing. Ned Sherrin directs (437 2663).

Stuttgart

Makal City Theatre, Marienstr. 12. Peter Makal, director of the Stuttgart-based International Festival of Mime, now in its eighth year, has put together a truly world-class programme. Founder of the Makal Theatre, he will present a dozen specialist groups and artists from eight countries, includingthe Soviet Union, East Germany and Hungary as well as Chile,Australia, France and the US. Ends June 4 (0711/626208).

New York

Cat on a Hot Tin Roof (Eugene O'Neill). Kathleen Turner, whose statuesque good looks embody Tennessee Williams' vibrant character Maggie, is surrounded by an excellent supporting cast in Howard Davies' production.

Grapes of Wrath (Cort). The Steppenwolf company's interpretation of the Steinbeck epic novel has taken a long time to reach New York from Chicago; the wait was worth it, with the 1930s brought alive in its squalour as well as its test of human strength. Gary Sinise as Tom Joad stands out in Frank Galati's adaptation.

Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from support for Eugene McCarthy's presidential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emotional flavour of the period (239 6200).

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Grand Hotel (Martin Beck). Tommy Tune, Broadway's present musical doctor, directs this remake of the Garbo film to at least shake the bones of this inert depiction of lives crisscrossing in an elegant, but somewhat random setting (246 0102).

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago emphasises the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200).

Cats (Winter Garden). Still a sell-out, Trevor Nunn's production of T.S. Eliot's children's poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

Washington

Serafina (Kennedy Center Opera House). The spirited teenage cry for freedom, including shrill enactments of police brutality, brings the hyper-reality of South Africa home with a lively beat. Ends May 27 (467 4600).

Chicago

Uncle Vanya (Goodman). Michael Maggio directs John Mahoney in David Mamet's new adaptation of the Chekhov classic. Ends May 26 (443 3800).

Steel Magnolias (Royal George). Ann Francis and Marcia Rodd play the leads in this view of southern life from under the dryers in a busy hairdressing establishment (988 9000).

Fraternity (Pegasus Players). Jeff Stetson's political drama focuses on the civil rights movement of the 1960s and 70s to explore issues of principle and compromise. Ends June 3 (271 2638).

A Chorus of Disapproval and The Beggars Opera (Court). With clever scheduling, Alan Ayckbourn's comedy about putting on *The Beggar's Opera* appears in repertory with the work itself. Ends May 27 (753 4472).

Elliott Loves (Goodman Studio). Director Mike Nichols teams up again with writer Jules Feiffer to explore middle-aged love with the eponymous hero, who makes the mistake of introducing his new love to his old friends. Ends May 13 (443 3800).

Tokyo

Kabuki. Kabuki-za (541 3131). Performances this month feature two leading onnagata (specialists in female roles), as well as a traditional name-taking ceremony. The highlight of the 4.30pm show is a famous scene from *Meiboku Sendai Hagi (The Disputed Succession)*, one of the classic "loyalty plays" of the Japanese theatre. Earlier, at 11am, Living National Treasure Utaemon VI plays his greatest role, as a mother driven to distraction by the death of her son, in *Sumidagawa (Sumida River)* – before a European tour and possibly for the last time in Japan. Excellent earphone guide in English and English-language programme. Ends May 27.

King Lear. Japanese avant garde director, Tadashi Suzuki, working with American actors, has produced a radical reworking of Shakespeare's tragedy. (In English). Sogetsu Hall, near Omotesando. (Thurs) (408 1126).

Peer Gynt (in Japanese). Japan's most famous director, Yukio Ninagawa, best known for his samurai Macbeth and noh Tempest, tackles Ibsen's "unstageable" masterpiece,
Aoyama Theatre (201 7777).

EXHIBITIONS

London

The Tate Gallery. The entire permanent collection has been rehung so that the visitor may now take a natural circuit through the newly restored galleries, from 16th century British painting through to the the most recent of modern international art. It is a curatorial triumph.

Paris

Grand Palais. Soliman Le Magnifique. A treasure trove of goldsmiths' work, miniatures, ceramics and textiles recalls the splendour of the reign of Soliman "the shadow of god on earth", whose Ottoman Empire stretched in the 16th century from the Caucasus to the gates of Vienna and from Algeria to the Persian Gulf. Deep blue, red and green, patterned with gold shines from a portrait of Soliman. Arabesques wind and unwind in manuscripts, flower motifs combine with peacocks and dragons on blue, white and turquois plates and dishes. Closed Tue, Wed late closing, ends May 14 (42895410).

Petit Palais. James Ensor 1860-1949. A retrospective of100 paintings, 130 drawings and etchings brings to mind Ensor'sprovocative boast of "I am mad, I am stupid, I am nasty". Bornin the land of Jerome Bosch and brought up in Ostend in a shopof seaside souvenirs full of carnival paraphernalia, hepeoples his nightmarish universe with skeletons and grimacingmaskk. Jarring mockery and garish colours add to the feelingof anguish and agressive rancour. Closed Mon, ends July 22 (42651273).

Musée Carnavalet. Antique bronzes. Some 400 statuettes bring to life the Gallo-Roman world up to the 5th century. They are grouped in glass cases around a divinity surrounded by objects of the appropriate cult. Closed Mon, ends July 1 (42722113).

Grand Palais. Pre-Columbian art in Mexico (1500BC – AD1521). Some 130 exhibits from Mexico's archaeological museums bear witness to the high degree of artistic development of the ancient civilisations of the Mayas and Aztecs. A deep religious sense imbues their imaginary world peopled with divinities often represented as jaguars and serpants. Closed Tue, late closing Wed. Ends July 30 (42895410).

Brussels

Musée d'Art Moderne. Retrospective of the Belgian abstract/expressionist artist Englebert van Anderlecht (1918-1961). Closed Monday, ends May 13.

Hotel Communal de Schaerbeek, Place Colignon – treasures of the commune. Works by Constantin Meunier, Jef Lambeaux and other Brussels artists of the 19th and 20th centuries, daily except holidays. Ends June 11.

Ghent

Museum voor Schone Kunsten. Flemish Expressionism in a European Context (1900-1930) with works by De Smet, Ernst, Permeke, Van den Berghe and Zadkine. Closed Monday, ends June 10.

Venice

Palazzo Grassi. Andy Warhol Retrospective. 250 works from the major exhibition organised by Kynaston McShine for the Moma in New York last spring, to which have been added about a dozen from private Italian collections. The show has since toured Chicago, London and Cologne, to end its tour at the Beaubourg in Paris this summer. Until May 27.

Rome

Braccio di Carlo Magno in Piazza San Pietro: Michelangelo and the Sistine Chapel. This exhibition marks the end of a 10-year stint by Vatican restorers on the ceiling of the Sistine Chapel and the beginning of an estimated further four years' work on The Last Judgment. Ends July 10.

Palazzo Venezia. Art for Popes and Princes of the 17th and 18th centuries. Over 70 large and exuberant canvases from the country seats of Popes, Cardinals and the Roman aristocrary (Chigi, Barberini, Colonna, Pamphili etc.) in the area stretching south of Rome, once known as the Campagna Romana.

Munich

Kunsthalle der Hypo-Kultur-Stiftung, Theatinerstr. 15.Joan Miro a collection of scurrilous sculptures and previously unpublished drawings by Miro will be on display in Munich's Kunsthalle until June 17.

Saarbrücken

Moderne Galerie. Growing on the Move. Retrospective of Paul Klee (1879-1940) in honour of the 50th anniversary of his death with around 190 oil paintings, watercolours and drawings from all periods, to be seen until May 27. This is one of the most comprehensive Klee exhibitions ever.

Vienna

Kunstsforum. Works by the Romantics, ranging from Caspar David Friedrich to Adolph Menzel.

Museum für Volkerkunde has a marvellously exotic exhibition called Jemen, focusing on the world around the Queen of Sheba. Ends June 10.

New York

New York Public Library. More than 125 documents of the Abolitionist Movement, including photographs, letters and rare books, display the spirit and drive of the long effort to free the slaves. Ends Sept 15.

Museum of Modern Art. In its serious, thorough way the museum gives its version of the history of photography, showing off earlier image-developing techniques along with 275 photographs. Ends May 29.

Washington

National Gallery. A joint Soviet-American collaboration brings together Matisse's fruitful and arguably pivotal work in Morocco during his visit in 1912-13 including 23 paintings and 45 drawings, among them the famous Moroccan Triptych from the Pushkin Museum, never before exhibited in America. Ends June 3.

National Museum of African Art. The national tour of artistic and religious objects, much of it sculpture, encompasses nine centuries of Yoruba civilisation. Ends Aug 26.

National Museum of Women in the Arts. The first major retrospective of the work of Dame Elizabeth Frink includes 60 sculptures and 25 drawings, including monumental bronze casts of male figures, portraits and animals in characteristic roughly textured heroic poses. Ends July 4.

Chicago

Chicago Historical Society. The Land of Lincoln does its most famous citizen proud in the exhibition A House Divided. America in the Age of Lincoln, with documents, mementos and personal effects of the Great Emancipator.

Chicago Historical Society. A special exhibit of Frank Lloyd Wright's designs for art-glass windows, furniture and silver shows why the details completed the Wright look. Ends June 17.

Tokyo

Tokyo National Museum. National Treasures of Japan. Painting, sculpture, calligraphy, craftwork, archaeological artefacts, from prehistoric times to the Edo Period. This is the first opportunity in 30 years to see as many as 200 of Japan's greatest works of art in one place.

National Museum of Western Art. Bruegel and Dutch Landscape. 58 paintings on loan from the National Gallery in Prague. The centrepiece is Pieter Bruegel the Elder's magnificent Haymaking, with its wealth of circumstantial detail, and the focus is on the development of landscape painting as a genre from its beginnings in about 1500 to the mid 17th century.

Idemitsu Museum. In Pursuit of the Dragon: Tradition and Transition in Ming Ceramics. Major examples of Chinese porcelain drawn from the museum's own extensive collection.

Shoto Museum, Shibuya. Postwar Japanese Art. Paintings and sculpture mainly by members of the Gutai Bijutsu Kyokai group, who tried to forge a distinctive Japanese avant garde style. Fascinating.

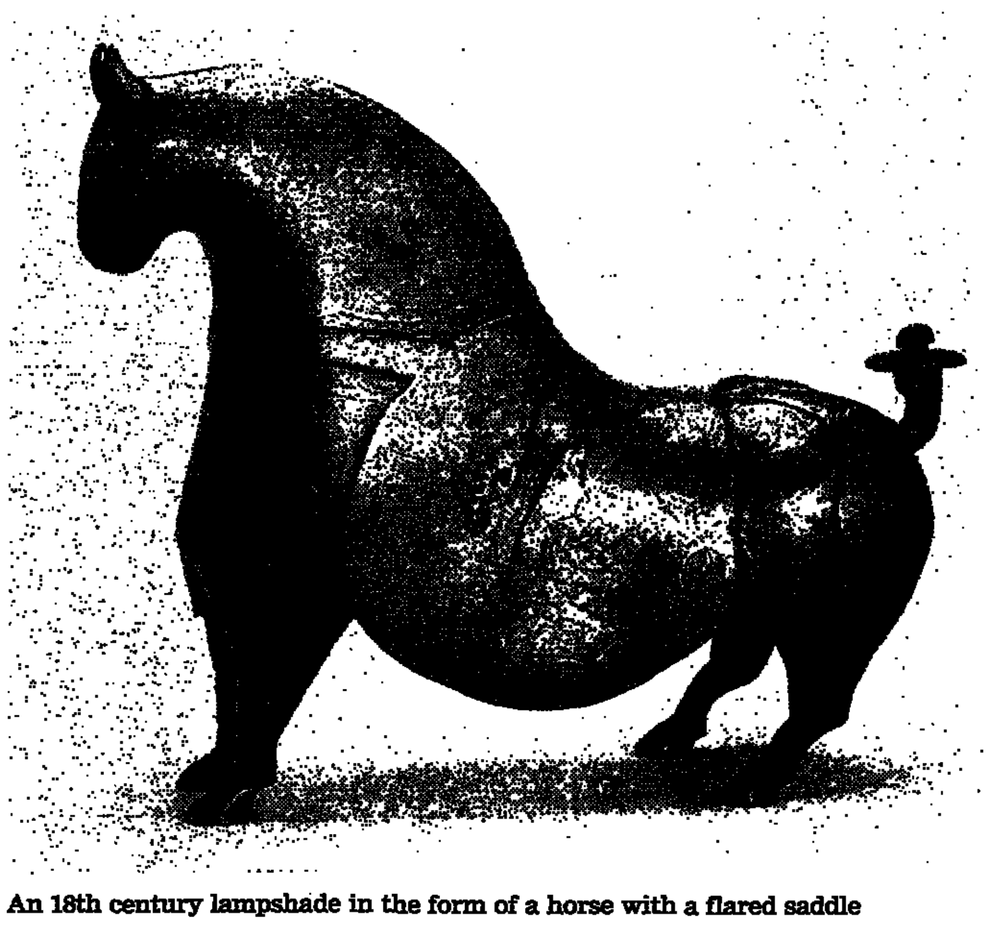
ARTS

Golden Horde from the Hermitage

Patricia Morison visits the Islamic Antiquities museum, Kuwait

On Wednesday a remarkable loan exhibition from the Hermitage, Leningrad, opens at the Museum of Islamic Antiquities in Kuwait. For the month of May, the museum, properly known as the Dar al-Athar al-Islamiyyah exhibits 120 magnificent pieces from the Hermitage. Made between the 8th and the 19th century, they include metal work, ceramics, textiles, jewellery and art. Many of the exhibits have never been seen outside the USSR.

How the Hermitage came by its collection of 30,000 Islamic objects, one of the greatest in the world, is itself an interesting story. A gem-encrusted Persian steel scabbard may not be the most beautiful of the objects loaned to Kuwait, but it belonged to Czar Peter the Great's curio collection and so represents the dawn of the Hermitage's Islamic collection. The Czars and Russian noble families acquired Islamic treasures throughout the 18th and 19th centuries, partly from wars against Turkey, partly from diplomatic missions and colonial expansion eastwards. A particularly fine collection made by Count Bobrinsky, head of the Imperial Archaeological Commission, came ultimately to the Hermitage after the revolution.



An 18th century lampshade in the form of a horse with a flared saddle

Czarist and then Soviet archaeology has naturally played a vital part in making the Hermitage collection such a distinctive one. In the late 19th century, Russian digs in the Crimea and Caucasus unearthed the remains of the short-lived Golden Wall Khanate, established by the descendants of Genghis Khan, who most of us associate more with destruction than creating civilised life. This century, excavations in Central Asia have added to the holding of ceramics and metalwork. Among the most evocative objects in the exhibition are silver bowls found along the route taken by Arab merchants who went to the Baltic to buy furs to keep their Persian and Arab masters warm for the winter.

Metalwork struck me as the most absorbing aspect of the Islamic treasures from the Hermitage. There is an array of ewers, basins, candle sticks, trays, incense burners and aquamaniles (water pourers), the most remarkable dating from the 6th centuries after the prophet Mohammed's death in 632. These functional bronze objects with their simple shapes give a misleading first impression of austerity. Looking more closely, you notice extraordinarily elaborate bands of inscriptions and surfaces which are alive with interlaced ornaments of plants and animals. Human figures, *too, are present in abundance.* Some are curiously ambiguous, like the female figure in the centre of a great platter made *in Syria perhaps a century* after the conquest out of Arabia. It may show a female personification of a city, a type familiar in ancient art, not least at Palmyra in Syria. Around the rim is a frieze with some distinctly ecstatic dancing figures. If this is a surprise, another Syrian puzzle is a bowl dating from the Crusader period which shows figures of Christian saints.

The Bobrinsky bucket was made at Herat in Khorasan (present-day Iran). It is crowded with scenes from daily life and coloured delicately with copper and silver. Long inscriptions state that the bucket was made in 1163. They give the name of the designer and the maker, and call down a torrent of Allah's blessings on the owner. What did this "pride of the merchants, most honest of the faithful," do with his bucket? Recent opinion at the Hermitage is that he took it with him to the *haman*, the bath.

Equally famous is a bronze aquamanile in the form of a bird, the oldest Islamic bronze known. It was made in 796, probably in Iraq. This puts it in the reign of the Caliph Harun-al-Raschid, still a byword for the splendour of his court at Bagdhad which was known as "the City of Peace." *Whoever Suleiman was who* made this bird, it served as a reminder of the mechanical singing birds which a century *or so later was part of the* tricks used to dazzle foreign embassies to the court of Bagdhad.

Indeed animals are everywhere on the early Islamic objects. There are ewers decorated with running foxes, peacocks and a spout shaped like a hawk with well-observed folded wings. A magnificent 10th century lampshade took the form of a stylised horse with a flaring saddle cloth, *although the rider has sadly* become detached.

From the Golden Horde in Khanate, now partly covered by the mountainous republic of Daghestan, comes a rich variety of objects which betoken a culture both pious and martial. There is a beautiful little golden case of holy texts and a lady's tombstone decorated with flowers and geometrical patterns. My favourite piece in the whole exhibition is a nearly spherical cauldron on three legs. On its swelling side is a horseman with a neatly pointed beard bearing a spear. The cauldron summons up the image of a warrior company, carpets spread on the ground, as they pause to feast and drink. Kuwaitis visiting the exhibition may note with disapproval how many of the inscriptions of late medieval Persian vessels exalt the plea*sures of drinking* wine.

The museum is something unique in the region. It is a first class collection formed by *a private individual, Sheikh* Nasser Sabah al-Ahmed al-Sabah. Sheikh Sabah, a close member of the ruling family, began collecting as recently as 1975 and in 1983 put the collection on permanent loan at the Kuwaiti National Museum.

The director of the Dar al Asar is a quite remarkable woman. Sheikha Hussah is the wife of Sheikh Sabah, daughter of the previous Emir. An enthusiast for Islamic art, the exhibition is very much her brainchild. At her invitation a group of British and Soviet art historians met for a 12 hour long seminar at the exhibition's opening. This is something quite unparallelled in Kuwaiti cultural life, whose inhabitants are more familiar with the other kinds of ceremony which marked the opening, roast lamb, lashings of fruit juice in the museum's carpet-strewn courtyard.

This loan from the Hermitage marks an important stage in Kuwaiti-Soviet cultural relations. In July this year 114 objects from the Dar al Asar will be on show in the Hermitage. If all this sounds tantalisingly remote, the collection will be touring America from the autumn. *Treasures from the Hermitage* is a remarkable tribute to the scholarly enthusiasm of a Kuwaiti couple who *believe, rather unfashionably,* that Islam a civilising mission in the modern world.

Coriolanus

BARBICAN THEATRE

It would be easy but glib to make analogies between the conflicts in *Coriolanus* and our own times. The awful warning about arrogance alienating even an adoring mob draws a tempting parallel with another, recent, war-leader; but the rest fits less neatly. "What is the city but the people?" roar the outraged plebeians. Today "There's no such thing as society, – only individuals," is uttered by populists of a very different stamp.

But what a bleak picture of humanity emerges. For unpleasantness there is nothing to choose between the contemptuous hauteur of the Patricians and the alternating cravenness and bellicosity of the mob. The villain is that Elizabethan bugbear, the fickle, mindless populace. The nearest thing to a heroic figure is Aufidius, the unswerving enemy of Rome who welcomes his old foe only to be betrayed, but who at least remains consistent. Last November's Stratford production by Terry Hands and John Barton, now transferred to the suitable brutality of EC2, refrains from investing the relationship of the two warriors with murky psychological undertones and Malcolm Storry's Aufidius is a crop-headed, raw-boned fighting machine, little more.

Charles Dance's much-publicised Coriolanus is a puzzle. The unfortunate initial impression of principal boy owes something to his appearance (sweeping fair hair, broad-belted shirt, long legs in black), something to his stance. He lacks weight and direction in both voice and movement. The thread of meaning fizzles out by the end of some of the longer speeches; his contempt for the mock-humble ritual of popular consensus is merely coy; his demand of "hearest thou, Mars?" is chatty.

The intimacy of screen technique clings yet – at moments the whimsicality and quizzical appeal that make him the epitome of a sort of reticent English charm remind us of his success in other media. It is all well spoken, complete with tremulous vocal throb; but blank.

As the time-honoured mould wherein his trunk was framed, Barbara Jefford is patently ill at ease. Miss Jefford can dominate the stage by lifting an eyebrow. Here her Volumnia is a cross between Mrs Thatcher and a red-hot Momma, waving her arms and pumping her elbows as if about to burst into a patriotic song, cuffing anyone unwise enough to come within punching distance.

Alastair Muir

Malcolm Storry and Charles Dance

Like much else in the production, she conveys intelligence going through the motions, resources not fully exploited. As Italian critics say of unexciting productions of which one does not wish to be unkind, the performance is "correct." It could have been much more.

Martin Hoyle

Another Love Story

LEICESTER HAYMARKET

From 1943 Frederick Lonsdale's stiff play blows in, on a frigid air of money and moeurs, and seldom has the past seemed a more foreign country. Directed, by his grandson Edward Fox, against a pastel-hued drawing room of summer flowers in pots picked to tone with the blown-rose *wallpaper, it affects* a Cowardesque urbanity without any of Coward's elegance (a permanently inebriated butler gives Frank Shelley a monopoly on the play's wit).

Unstaged since the 1940s, it is a story of middle-class morality confronted, titillated and appalled by glamorous adventurism – the former embodied in the stuffy Williams Brownes, the latter in their prospective son-in-law, a cad without background or, it appears, scruples. Alerted by her own first marriage to a philandering artist, Elsie WB invites her ex-husband (Fox himself) to end the romance, so beginning a most contrived and unlikely sequence of pre-, post- and extra-marital adventures culminating – with a sense of titillation that seems entirely absurd today – with an attempt to expose the gold-digger which ends up with a passionate spanking of the ravishing Lalla Ward.

This climactic scene is played out in a powder-pink bedroom (designer Tim Reed) which, with a characteristic indifference to the economy of the "well-made play," is rolled out specially for it, entailing a break of several minutes at either end of it. Lonsdale displays the same profligacy in his handling of his characters – *eleven in all – who drift* onstage to deliver a few words and help the plot on its way, before drifting off again to wander the garden, play bridge or – more drastically in the case of the daughter of the house – to have her wisdom teeth extracted (this being a three-scene absence).

In the context of such apparently arbitrary appearings and disappearings, one can only admire the sang-froid with which Edward Fox explains his presence in someone else's love scene. He has found himself, he announces, without a glimmer of irony, "by accident, in the door." As the first husband of Jill Bennett's uncomfortable Elsie he is thrown into parallel with their daughter's fiancé, to whom the French actor Patrick Fierry gives an appropriate enough inscrutability. Fierry's accent makes him classless in a play which, the subplot of a bachelor uncle caught 'twixt his secretary and his boss's daughter makes clear, is all about the stuffy limitations of class.

Women, Lonsdale patly concludes, prefer the wrong but romantic to the right but repulsive: they live dangerously or not at all, and that is all there is to be said about the dear little things.

Claire Armitstead

Edward Fox and Jill Bennett

Christus

FESTIVAL HALL

The best analogy would probably be a stained glass window conceived by its artist on an over-ambitious scale. At close quarters there are sections that look full of life and colour, but as soon as you stand back to take in the full picture, the design loses any sense of coherence. It is simply too big and its parts do not fit together, either in quality or style. Liszt's grand and rarely-performed choral work *Christus* is a musical panorama of that kind. Its three descriptive panels aim to tell no less a story than the life of Christ from the nativity to the crucifixion in a form that the composer hoped would unite church and theatre "on a colossal scale." But, as so often happened when he wanted to make a grand statement, Liszt failed to provide *Christus* with a convincing overall design. The comparisons that have been made between this piece and *Parsifal* merely show how expert was Wagner's grasp of *structure by comparison. Liszt starts by* letting the long first part of his choral epic wander aimlessly along for an hour in a way that his counterpart would never have allowed. Then, mid-way through Part 2, inspiration suddenly jolts into action and we are thrown unprepared into the brassy and flamboyant "Entry into Jerusalem." Altogether the composer has set his interpreters an insoluble problem. It was no fault of Brian Wright and the Royal Philharmonic Orchestra that their performance on Wednesday failed to come alive in the first half of the evening, although Liszt's intricate string writing might have been tidier with a few more rehearsals. The contribution of the Goldsmiths Choral Union also mixed enthusiasm and strength *with less than unanimous choral entries.* The whole of Part 3, though, rose to a more exalted inspirational level. The opening solo was sung with imperious authority by the bass-baritone Bryn Terfel. Then the "Stabat mater dolorosa," in which he was joined by Jo Ann Pickens, Ameral Gunson and Martyn Hill, at last finds Liszt giving full rein to his high romantic imagination. This is by far the most glorious part of the grand design and deserves to be heard on its own more often.

Richard Fairman

Esa-Pekka Salonen

QUEEN ELIZABETH HALL

Salonen is a composer as well as a conductor: in London we have had a great deal of him in the latter role, but little in the former. Wednesday's London Sinfonietta concert – the second of two programmes conducted by Salonen and devoted to Stravinsky and young Finns – addressed itself to the imbalance, to pleasing effect.

Music of wit and lightness of purpose has not been the usual province of the avant-garde; Salonen's Floof (1988, revised 1990), a zany short coloratura soprano "aria" on a sci-fi text, reminded us that having fun in a "modern" idiom need not be a contradiction in terms. The spiky rhythmic punctuation and scatty (in both the jazz and the sanity senses) vocal technique – which took the soprano Sarah Leonard up to F sharp in altissimo – owe a lot to Ligeti: Salonen's prime influence, and, it should be remembered, a composer to whom the conductor Salonen brings a specially deft, comprehending touch.

As the text, by the Polish writer Stanislaw Lem, concerns itself with "a machine that learns to be a poet," the farcical evocation of machines running in and out of control is apposite, and handled with both zest and economy: chattering ostinatos and wide-flying arabesques are grouped into uneven periods and skewed paragraphs.

The sound-world of Floof, which requires amplification of the solo voice, is made up in ways that combine comic exaggeration and musicianly shrewdness; the piece sounds good, as well as fun, and will probably come to enjoy a "party-piece" status in the repertory of Sinfonietta-type bands.

The other Finn on the programme, Magnus Lindberg, was represented by Zona (1983), a concertante piece for cello (Anssi Karttunen) and small ensemble – an "expressionist" piece of a kind (the programme note-writer told us) normally alien to this composer's creative processes. If he had to get it out of his system, well and good; but in spite of airy textures, well-spaced dramatic gestures, and clear indications that this is a young composer with a wholly individual "ear," the result seemed to me esoteric, in-group music of an all-too-familiar late-20th century kind.

Brilliantly vital, stingingly bright, toughly shaped accounts of the Stravinsky Octet, Ragtime, and Renard (with a superb vocal quartet comprising John Aler, Nigel Robson, David Wilson-Johnson, and John Tomlinson) formed the concert's outer ends.

Max Loppert

ARTS GUIDE

May 4-10

MUSIC

London

London Concert Orchestra conducted by Adrian Leaper, with Piers Lane (piano) and the Band of the Scots Guards. Tchaikovsky *150th Anniversary* concert. Royal Festival Hall (Sat) (928 8800).
London Symphony Orchestra conducted by Michael Tilson Thomas, with Arturo Michelangeli Benedetti (piano). Beethoven, Strauss. Barbican Hall (Sun) (638 8891).
The London Philharmonic conducted by Klaus Tennstedt, with Kyung-Wha Chung (violin). Mussorgsky, Bruch, Brahms. Royal Festival Hall (Sun) (928 8800).
The Philharmonia conducted by *Eliahu Inbal*, with **Mitsuko** Uchida (piano). Kodály, Bartók, Stravinsky. Royal Festival Hall (Tues) (928 8800).
Royal Philharmonic Orchestra conducted by Michiyoshi Inoue, with Dimitri Sitkovetsky (violin). Prokofiev, Mahler. Royal Festival Hall (Wed) (928 8800).
Arturo Michelangeli Benedetti (piano). Beethoven, Chopin. Barbican Hall (Thur) (638 8891).

Paris

Gustav Leonhardt (harpsichord). Boehm, Bach, Buxtehude (Wed). Chatelet (40282828).
Samuel Ramey, bass recital with John Fischer (piano). Brahms, Haendel, Copland, Vaughan-Williams (Wed). Théâtre des Champs Elysées (47203637).
Maria Jao Pires (piano) **Viktoria Mullova** (violin). Brahms, Schubert (Wed). Salle Pleyel (45638873).
Ensemble Intercontemporain conducted by Peter Eotvos. Dillon, Boucourechliev, Cohen, Jolas (Thur). Centre Pompidou (42744219).
Orchestre National de France conducted by Rudolf Barshai, Jean-Philippe Collard (piano). Bartok, Shostakovitch (Thur). Théâtre des Champs Elysées (47203637).
Quatuor Alban Berg. Mozart, Lutoslawski, Smetana (Thur). Chatelet (40282828).

Brussels

Moscow State Symphony Orchestra conducted by Alexander Rozjdestvensky (violin) performing Glazounov, Prokofiev and Tchaikovsky. Palais des Beaux-Arts (Mon).
Alban Berg Quartet plays Lutoslawski, Mozart, Smetana. Palais des Beaux-Arts (Wed).

Antwerp

Royal Flanders Philharmonic Orchestra and the London Philharmonic Chorus conducted by Gunter Neuhold with Suzanne Murphy (soprano), Alexandrina Miltcheva (mezzo), Dennis O'Neill (tenor), Jaako Kyhanen (bass) perform Verdi's Requiem. Koningin Elisabethzaal (Thur).

Amsterdam

Orlando Quartet with Isabelle van Keulen (viola) and Harro Ruijsenaars (cello). Brahms (Mon, Wed). Concertgebouw (718 345).
Frederica van Stade (mezzo) accompanied by Martin Katz. Respighi, Puccini, Schubert, Mozart, Messiaen, Satie, Poulenc, Schönberg (Tue). Concertgebouw (718 345).

Utrecht

Laurence Dreyfus (viola da gamba) and Ketil Haugsand (harpsichord). Bach (Fri). Vredenburg (31 45 44).
Netherlands Wind Ensemble with Ronald Brautigam (piano). Mozart (Tue). Vredenburg (31 45 44).
Royal Concertgebouw Orchestra conducted by Neeme Järvi, with Horacio Gutierrez (piano), Mendelssohn, Prokofiev, Verhulst (Thur). Vredenburg (31 45 44).

Rome

St Cecilia Choir, conducted by Domenico Bartolucci, singing Palestrina (Sat-Mon). Auditorium in via della Conciliazione (6541044).
I Solisti Italiani, with Mario Ancillotti (flute) playing Vivaldi, Porena, Mercadante and Donizetti (Wed). Teatro Olimpico (393304).
Andrea Montefoschi (flute) and **Felicia Gregorio** (piano) playing Francaix, Fauré, Casella, Prokofiev (Thur). Teatro Ghione (6372294).

Florence

Maggio Musicale. Myung-Whun Chung conducting Janacek's *Messa Glagolitica* with soprano Katerina Ikonomou, mezzo-soprano Nina Romanova, tenor Vitalij Tarashenko and bass Sergei Martynov. Ravel's Daphnis et Chloe suite no. 2 and Messiaen's Les Offrandes Obliées (Fri, Tues). Also piano recital by Maurizio Pollini playing Schumann, Berg, Webern and Stravinsky (Mon). Teatro Comunale (2779236). Recital by mezzo-soprano Frederica von Stade (Sat). Teatro della Pergola (2479651).

Milan

Mstislav Rostropovich (cello) playing Ljadov and Tchaikovsky with the Scala Philharmonic, conducted by Valerij Gergiev (Mon). Teatro alla Scala. (80.91.26).

Madrid

Spanish National Orchestra. An *Orfeon Donostiarra* conducted by Rafael Frubeck de Burgos, with Aldo Baldin (violin). Berlioz (Fri-Sun). Auditorio Nacional de Musica (337 01 00).
Soviet RTV Orchestra conducted by Wladimir Fedoseev. Wladimir Ovchinnikov (piano). Tchaikovsky (Sat). Auditorio Nacional de Musica (337 01 00).
Mario Monreal (piano). Beethoven (Sat). Fundacion Juan March (435 42 40).
Symphony Orchestra of Budapest. David Lively (piano). Andras Ligeti conducts. Bartok (Tues). Auditorio Nacional de Musica (337 01 00).
Spanish Chamber Orchestra conducted by Victor Martin, Felix Ayo and Victor Martin (violins) (Tues). Auditorio Nacional de Musica (337 01 00).
Murray Perahia (piano) (Wed). Auditorio Nacional *de Musica* (337 01 00).
Norwegian Chamber Orchestra. Mstislav Rostropovich (cello), Iona Brown conducts. Respighi, Vivaldi, Stravinsky, Tchaikovsky (Wed). Auditorio Nacional de Musica (337 01 00).
Erevan Chamber Orchestra conducted by Zaven Verdanyan, with Suren Bagratunyan (cello) (Thur). Auditorio Nacional de Musica (337 01 00).

Barcelona

Gothic Voices. Old Music festival (Wed). Fundacion caja de pensiones (317 57 57).
Murray Perahia (piano). Franck, Schumann, Chopin, Liszt (Mon 7). Palau de la Musica Catalana (301 69 43).

New York

Ivo Pogorelich piano recital. Haydn, Chopin, Liszt, Scarlatti, Brahms, Balakirev (Mon). Carnegie Hall (247 7800).
Composers' Showcase features Peter Schickele performed by the composer, Estelle Parsons, the Canticum Novum Singers and the Manhattan School of Music Jazz Ensemble (Mon). Alice Tully Hall, Lincoln Center (874 6770).
New York **Philharmonic** *conducted* by Yuri Temirkanov with John Lill (piano). Slonimsky, Beethoven, Prokofiev (Tue); Zubin Mehta conducting with Alfred Brendel (piano). Brahms, Bartok, J.C. Bach (Thur). Avery Fisher Hall, Lincoln Center (874 6770).
Berlin Radio Orchestra conducted by Vladimir Ashkenazy. Berg, Schoenberg, Strauss (Wed). Alice Tully Hall, Lincoln Center (874 6770); Brahms, Beethoven, Scriabin (Thur). Carnegie Hall (247 7800).
Little Orchestra Society conducted by Dino Anagnost with Metropolitan Singers and the Greek Choral Society. Vivald (Thur). Alice Tully Hall, Lincoln Center (874 6770).

Washington

American Chamber Orchestra conducted by William Yarborough with Daniel Heifetz (violin). Johnson, Mozart, Beethoven (Mon). Kennedy Center Terrace Theatre (467 4600).
National Symphony Orchestra conducted by Hans Vonk with William Steck (violin). Ravel, Martinon, Beethoven (Tue); Yuri Temirkanov conducting with Alicia de Larrocha (piano). Weber, Mozart (Thur). Kennedy Center Concert Hall (467 4600).
Juilliard String Quartet. Wolpe, Wernick, Hindemith (Thur). Kennedy Center Terrace Theatre (467 4600).

Chicago

Chicago Symphony Orchestra conducted by Kenneth Jean with Janina Fialkowska (piano). Welcher, Liszt, *Haydn, Bartok* (Tue); Margaret Hillis conducting with the Chicago Symphony Chorus. Haydn (Thur). Orchestra Hall (435 6666).

Tokyo

NHK Symphony Orchestra, conducted by Wolfgang Sawallisch. Mozart, Bach (Mon). Suntory Hall (505 1010).
Shinsei Nihon Symphony Orchestra, conducted by Seiji Ozawa. Beethoven, Haydn, Mozart (Tues). Suntory Hall (289 9999).
BBC Symphony Orchestra, conducted by Andrew Davis. Mahler (Wed). Showa Women's University Hitomi Memorial Hall, near Sangenjaya (289 9999).
Mischa Maisky (cello) with Daria Horova (piano). Britten, Webern, Messiaen, Brahms, Bach (Wed). Suntory Hall (403 6011).

SALEROOM

English record for silver

Twenty four hours after setting an auction record *for a* 20th century British painting, disposing of Stanley Spencer's Crucifixion for £1.23m, Sotheby's yesterday set a record for English silver. The Dunham Massey sconces, a set of six George II silver wall sconces made by Peter Archambo in London in 1730, sold for £1.155m to Armitage, a London dealer. He secured them against keen bidding from another *London dealer*, Koopman, and already has numerous enquiries. The price is not quite a record for silver at auction: last week Christie's in New York sold an Italian centrepiece for the equivalent of £1.2m.

The sconces were commissioned by George Booth, 2nd Earl of Warrington, who paid for them out of a lucrative *marriage to a London* merchant's daughter. His silver is famous, which accounts for the price. The sconces have borders of an architectural boldness reminiscent of the work of William Kent, depicting mythological scenes. They were sold yesterday by an anonymous royal family.

The silver sale made £2.2m with only 1 per cent unsold. A pair of George II table candlesticks, made in London in 1746 by Nicholas Sprimont, made £181,500 and Koopman acquired the Gibraltar Cup, awarded to Admiral Robert Fairfax for his success in reducing Gibraltar in 1704, for £121,000.

Antony Thorncroft

FINANCIAL TIMES
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Friday May 4 1990

After the asset boom

THIS IS THE season for monetary pietism. The world's financial authorities are gathered in Washington for a more or less agenda-less meeting of the Group of Seven; but at least the central bankers can present a united front to the assembled politicians, so it seems appropriate to talk about the economic benefits of often unpopular policies needed to fight inflation.

This is a routine sermon, even when decked out, as it is in the current World Economic Outlook of the IMF, with academic analysis and mathematical simulations, but in an ordinary year it is quite persuasive. Officials, after all, do find life much easier in countries where inflation has never been allowed to get out of hand. This is not an ordinary year, however.

It is a year in which the Brady plan, designed to deflate the sovereign debt crisis by admitting its costs, has failed to achieve its objectives. Meanwhile the US authorities have begun to face up to a problem of almost equal scale in domestic real estate, while those in the UK and Japan are engaged in a very belated attempt at preventive measures in their own asset markets. Germany's political decision to underwrite the real value of the East German currency is likely to create a similar mismatch between financial claims and the real assets available to meet them.

Awkward realities

These uncomfortable realities have just begun to appear in bank profit statements, but while provisioning against past international follies now appears to have some measure of the problem, domestic problems are still thought to be gravely under-stated. In these circumstances a central bank has to remember that inflation-fighting is sometimes a luxury. The most basic duty of a central bank is to preserve the functioning of the financial system in a crisis. That duty had to take priority in 1982, when the sovereign debt problem first became inescapably clear, and again after the stock market crash in 1987. It is now the judgment of many of those best placed to make one that the US Federal Reserve is again caught in the same trap.

Inflation has been rising, but US monetary policy is unchanged – simply, on this view, because any tightening might turn an already threatening debt deflation into a rout. When Mr Gerald Corrigan of the New York Fed, normally a hard liner, devotes his latest evidence to Congress to a homily on the risks implied in inadequate spreads and margins in US banking, he tacitly confirms the crisis diagnosis.

Different histories

It is tempting to lump all the commercial real-estate crises together, and draw the conclusion that a more prudent central bank regime would have restricted property development credits at a far earlier stage; but the market history in each of the main crisis centres is quite different. The US market has suffered very little inflation, because the fact of over-building, reflected in what are generally known as see-through buildings (in which there are no tenants' fittings to obstruct the view from one window to its opposite number), has been obvious for years. It seems to have been provoked by absurd investment credit and loss-offset provisions in the early Reagan budgets. These concessions were rightly withdrawn in the tax reform of 1986, but with a disastrous impact on developers' finances. The banks have often taken the lead in cutting off credit; where they have not, the prudential supervisors of the Comptroller of the Currency have jogged their elbows. The results in previous boom areas such as New England now look forbidding, while the risks of a little monetary policy relaxation look mild. They will be taken.

The authorities in London and Tokyo have a more delicate task: in both countries an asset boom was set off by monetary ease aimed to check a rising currency, and a monetary corrective is appropriate. However, the problems of trying to deflate a defunct bull market are well known; at some stage policies aimed at discipline will lead to crisis. Sermons against inflation are not a reliable guide to future policy; sometimes they are an attempted substitute for policy.

The fortunes of hostages

THE unexpected and long overdue release of two American hostages by their Middle Eastern captors is not only welcome news for their families and friends. It raises two tantalising and related questions. Is the climate in the Middle East, and more specifically among the various Islamic groups in the Lebanon and their mentors, changing? And if so, what can be done to ensure the early release of those 15 Western hostages still in captivity?

Hostage taking has thrived in the anarchistic environment of the Lebanon. The warring factions in the Lebanon are no closer to settling their differences. But the international environment has altered substantially since 1985 when the practice of international hostage taking began to rear its head.

Super-power rivalry can no longer be exploited; the US is trying to push Israel to negotiate directly with the Palestinians. Both Iraq and Iran appear to have put the the Gulf War behind them; and Iran is making noises about improving its bruised and fraught relations with the West. The kidnappers themselves might well be realising that they can achieve more through releasing than holding them. Hostages are valueable currency only when they can be held with impunity.

The public thanks offered by President Bush to Iran and Syria over the releases of the two American hostages is suggestive. President Bush has denied that his administration has been negotiating for their release. But it is clear a dialogue of sorts has been established which has encouraged both the Syrians and the Iranians to see it in their interests to use their good offices in Lebanon. It is also clear that these two governments do exercise partial influence over the groups holding the hostages.

Iranian signals

From the point of view of the American and British governments, whose citizens comprise the majority of the hostages, the hardest part lies ahead. The Iranians are signalling they want some gesture in return for their good offices over the hostages. President Bush in Washington and Mrs Thatcher in London rightly take the view that hostages' lives should not be bargained for. Yet in the last resort results are only going to be achieved if all sides adopt a cosmetic view of what constitutes "negotiations".

President Bush has cleverly kept that ball in the air by using using flexible language this week. Mrs Thatcher on the other hand in the House of Commons yesterday was unnecessarily dogmatic in tone. The present circumstances offer a fresh opportunity for a thorough and imaginative examination of all the diplomatic options available to secure the hostages release and this must be seized.

Establishing dialogue

There is an important distinction between negotiating with the holders of the hostages and establishing a dialogue with the governments of those countries who are known to be their mentors or protectors. Establishing such a dialogue is easier for the US since it is seen to have leverage: the Iranians want their assets unfrozen by the US and believe Washington can pressure Israel into releasing Palestinian and Lebanese prisoners.

For Britain any confidence building with Iran is far more unpredictable. The Rushdie affair killed patient attempts to rebuild diplomatic relations. The Iranian leadership's continued insistence in maintaining the death sentence on Mr Rushdie is obviously unacceptable. However, Britain can still demonstrate its willingness to talk with Iran. More productive would be energetic steps to restore diplomatic relations with Syria. President Assad of Syria is the central foreign player in Lebanon, and enough water has passed under the bridge since Britain castigated him in 1986 for sponsoring state terrorism in the Hindawi affair.

None of this means direct negotiating with the kidnappers whose demands anyway remain vague. Nor does it guarantee that the kidnappers will play ball with their mentors. But it does indicate flexibility instead of unproductive stone-walling.

Michael Prowse reports on the need for reform in American education

US schools: nearly bottom of the class

If the US does not reform its public education system, it will cease to be a competitive force in the world economy. A generation ago such a claim would have seemed laughable: the US was rightly proud that it educated a larger proportion of its population for a longer period than most other nations. Today, *angst* about the state of education is nearly universal. And the most intense pressure for reform is being applied not by educators or politicians but by the business community.

Industrialists have woken up to the fact that the average high school graduate lacks the skills to function effectively in the modern workplace. As old sequential modes of production become obsolete, companies need workers able to display initiative, adapt to changing market conditions and understand the overall production process. The low calibre of much of the workforce is now seen as jeopardising future profitability.

All the evidence suggests the business community's fears are far from misplaced. The first cause for concern is the failure of many pupils to complete high school. The drop out rate among blacks and Hispanics is 35 per cent and 45 per cent respectively. Nearly a quarter of *all* US students fail to graduate from high school. This does not mean they have failed a

AMERICA'S SOCIAL CHALLENGE

leaving examination (few US students are required to take exams of any description); it merely means they have failed to sit through the requisite number of courses.

If test results are to be believed, the average attainment of students who *do* graduate is almost comically poor. The most recent National Assessment of Educational Performance showed that only 6 per cent of 17 year olds can solve what are known as "multi-step" maths problems. These bear no relation to the kind of demands made by British A levels or the French Baccalauréat. Typical problems include calculating the repayment on a $850 loan taken out for one year at 12 per cent or recognising that the square root of 17 lies between 4 and 5.

Performance in reading and writing is equally poor. Thus only about 5 per cent of 17 year olds can fully grasp the meaning of a moderately difficult article – such as might appear on the editorial page of a quality newspaper. Even fewer appear able to write a reasonably competent (but far from impressive) letter to a high school principal advocating a change in school rules. General knowledge, even of recent US history, is sketchy: only one in four students knows that Lyndon Johnson introduced the Medicare health scheme for the elderly.

In international comparisons, the US routinely comes bottom or nearly bottom. Standardised maths tests, for example, indicate that 40 per cent of Korean 13 year olds can solve problems that are beyond 90 per cent of Americans. The US's performance is dismal even by the UK's undemanding standards: the proportion of British students reaching given attainment levels in maths is roughly twice as high as in the US.

Mr Albert Shanker, the president of the American Federation of Teachers, argues that the US has an educational "disaster" on its hands. He says the tests show that only 5 to 6 per cent of US students leave high school prepared for genuine university-level work. This compares with between 17 and 28 per cent of secondary school graduates in European countries. In his view, the fact that about 55 per cent of US high school graduates proceed to college proves nothing. Many colleges provide what amounts to remedial education – the level of courses being no higher than that of secondary education elsewhere.

Experts agree that there is no single explanation for the US's educational malaise. But the lack of incentives for many students is certainly a contributory factor. Mr Shanker points out that only the most able students, who are aiming for élite universities such as Harvard and Stanford, have a real incentive to work hard: their school records matter because competition for entry is fierce. Colleges below the top tier are anxious to recruit students and do not impose onerous entry qualifications. The bulk of college-bound students can thus drift through high school.

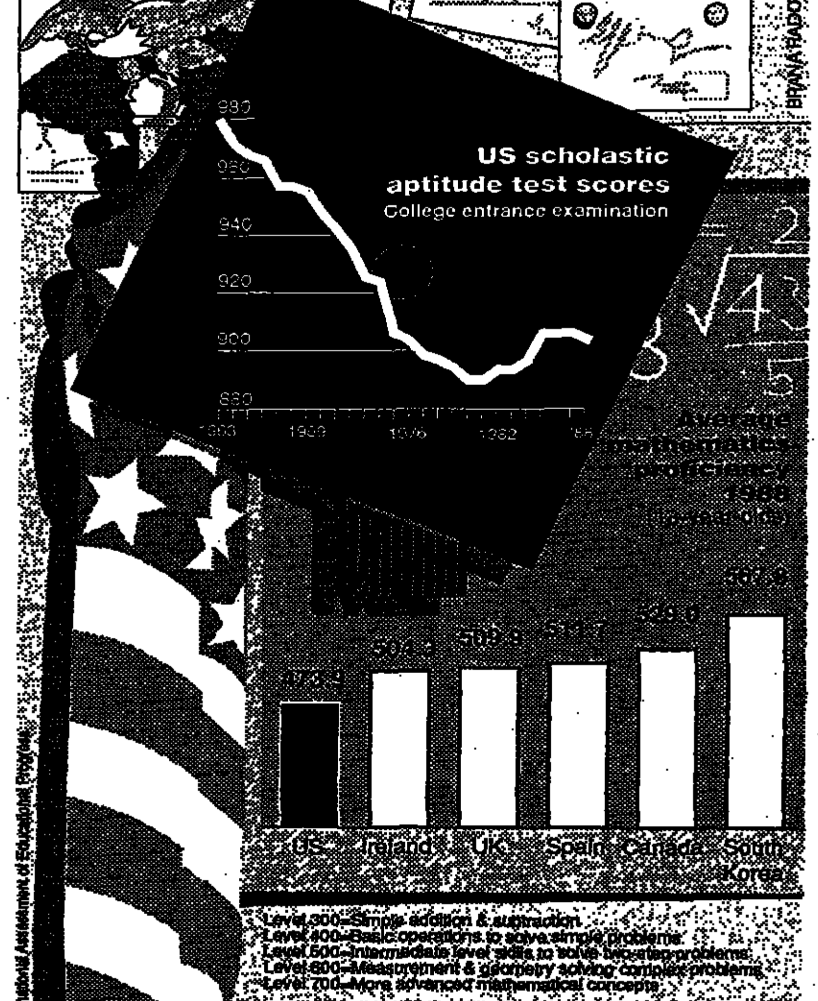
The same is true of most students who expect to get a job immediately after they leave high school. There are no intermediate national examinations such as Britain's GCSE so the only thing that matters from an employers' point of view is whether a student has completed his courses. How well he did is largely irrelevant.

Lax curriculum requirements may also help account for low performance. During the 1960s and 1970s many students opted for "soft" courses in subjects such as film studies. In the 1980s greater emphasis was placed on academic rigour: a national commission recommended that students should not be able to graduate without completing four years of English and three years each of maths, science and social studies.

But many states have failed to impose these standards. As of 1988, the maths requirements were imposed in only 16 per cent of states and the science requirements in only 6 per cent. The harder maths and sciences courses are still widely shunned. For example, 90 per cent of students take biology in high school but only 20 per cent study any physics. In maths, 80 per cent of students avoid trigonometry; 94 per cent dodge calculus.

Some critics allege that low standards reflect low levels of expenditure. The Administration disputes this, pointing to an overall education budget of some $350bn. But the overall budget includes disproportionately heavy expenditure on higher education. Relative to GDP, spending on schools does appear low by international standards. On this criterion, the US ranks 11th out of 12 rich nations, according to a recent study by the Economic Policy Institute.

Jack Jennings, a senior Democrat staffer on the House Education and Labour Committee, regards this debate as sterile. The main issue is not how much the US spends in aggregate, but how the resources are distributed. There are huge variations in expenditure both between and within states. For example, in New York one district spends $3,091 per pupil while another spends $15,159; in



High school completion rates

Percentage of age group 18-19yrs	Total	White	Black	Hispanic
1974	73.4	76.2	55.8	48.9
1976	73.1	75.4	58.2	50.9
1978	73.5	76.3	54.9	48.9
1980	73.7	76.1	59.8	46.1
1982	72.0	74.5	58.2	51.7
1984	73.3	75.5	63.0	58.3
1986	74.6	76.6	64.9	54.7

Texas one district spends $1,207 while another spends $7,109.

The discrepancies reflect the fact that education is substantially financed by local taxes. In poor areas, property valuations are low and relatively little cash is available for schools. This makes a mockery of the American ideal of equal educational opportunity. Right-wing critics retort that studies reveal no correlation between expenditure and educational performance. But can they deny that, other things equal, more money helps? Would they, for example, support a 75 per cent budget cut for elite private schools such as Andover on the grounds that money has no bearing on educational quality?

Apart from allocating resources more equitably, what can be done to raise US educational standards? A strong body of opinion believes that US public education, as currently organised, is beyond redemption. No amount of tinkering with the present system of school boards, superintendents and central bureaucracies will produce lasting gains because the system itself is the problem. If performance is to be improved, the argument runs, schools must be exposed to market forces: they must become answerable to parents rather than senior bureaucrats.

John Chubb of the Brookings Institution is a passionate advocate of greater competition and choice. He regards an increase in the autonomy of school principals as the key to improved performance. Parents, he says, should have complete freedom in choosing schools. And schools should be funded purely on the basis of the number and type of students they are able to attract. Fierce competition for students would then force schools to innovate and raise educational standards.

The "choice" arguments are proving influential. In Minnesota, students have been free to choose to attend any public school in the state since autumn 1987. Four other states have since introduced "open enrolment" and many others are considering it. More limited forms of choice, such as "magnet" schools that focus on particular subjects or activities, are now almost the rule in many urban areas.

Many experts, however, remain sceptical that greater parental choice and the devolution of management responsibilities to principals will, in themselves, transform US education. The fear is that choice will play into the hands of energetic middle class parents but do little for minorities; indeed if those on low incomes find themselves confined to schools that are going bankrupt, their educational attainment could fall. "In the ghetto," says Mr Jennings of the Education and Labour Committee, "the choice will be between bad, bad and bad."

Mr Shanker at the American Federation of Teachers is also sceptical of the libertarian choice models. He agrees that the US education system must be radically overhauled but he does not think parental choice, in itself, will raise standards. It is impossible, he says, to generalise from the experience of private schools because parents who select them are atypical: they care so much about education that they are willing to pay a lot for a commodity that is free elsewhere.

Overall standards, he argues, can be raised only if teachers are given direct financial incentives to improve academic performance. He has proposed a scheme in which schools – regarded as "teams of teachers" – would compete over a three- to five-year period for academic honours. The winning teams would be those who added the most academic value over the period in terms of improved pupil test scores. Members of winning teams would receive sizeable financial bonuses of the order of $30,000 or more. Losing teams would be disbanded and their schools handed over to the winning teams.

The precise details of the scheme are unimportant. Mr Shanker's point is merely that the financial incentives which motivate innovation and expansion in business must become part of the US school system. The fact that a union leader should be advocating such a scheme illustrates the near despair about standards felt in parts of the US educational establishment.

So far the Bush Administration's educational policy amounts to little more than a statement of pious intent. The President recently joined with state governors in announcing a set of ambitious (and unachievable) goals: such as that the US should be first in the world in maths and science by the year 2000. The presence of an educational cheer-leader in the White House will not, in itself, improve the quality of US schooling.

The ultimate causes of the US's poor educational performance remain mysterious. Other countries, such as West Germany, Japan and France, seem to produce far better results from public school systems which resemble the US model in many important respects. Nations with effective schools certainly do not rely on the kind of market mechanisms advocated in Washington.

This is not to say that such an approach would not bear fruit in the US. But it would be foolish to have excessively high expectations. In the long run, mundane factors such as teachers' salaries relative to those of other professionals, curriculum content and testing arrangements, and the social backdrop against which schools struggle to convey educational values, may be as important as institutional structures.

Previous articles in this series appeared on April 20 and April 27

OBSERVER

A Manor for Mitterrand

■ Whatever she may think about the local election results, Margaret Thatcher is really laying it on for President Mitterrand of France when he visits Britain today. She is receiving him at Waddesdon Manor, close to the Prime Minister's residence of Chequers in Buckinghamshire.

No official foreign visitor has ever been received there before. Nor is there likely to be another in the near future, for in October the Manor is being closed for two years for extensive refittings.

It was the Prime Minister's idea, first mooted a couple of months ago. Waddesdon is possibly the most utterly French house in England. It contains a huge amount of 18th century panelling taken from the best houses in Paris during the Second Empire. There is royal French furniture, paintings and sculpture, together with Gainsborough and Reynolds as well. Even the gardens were designed by a Frenchman.

The house was built in the 1870s for the first Baron Rothschild to arrive in England from Austria. It has a curious history. For instance, no child has ever lived there. There is a story about a ghost, but nobody seems quite sure of it.

Waddesdon passed down through a series of cousins until James de Rothschild – a cousin of the present Lord (formerly Mr Jacob) Rothschild – left it to the National Trust in 1957. It is regularly open to paying visitors. After the renovation, it may go in for receiving people like Mitterrand more often – but nothing on the scale of (say) a Commonwealth Prime Ministers' Conference.

Spy country

■ An element of intrigue has developed in British & Commonwealth Holdings' well-documented struggle for survival. It has emerged that "Mr David Cornwell of Monte Carlo" is seeking to form a group of shareholders "to consider their rights and any remedies under one umbrella".

David Cornwell is the real name of John Le Carré, the spy novelist. A spokesman for the solicitors acting for Mr Cornwell said that the company's client "is not John Le Carré, unless I am being misled." A preliminary meeting for interested shareholders has been set for May 9.

Tory news

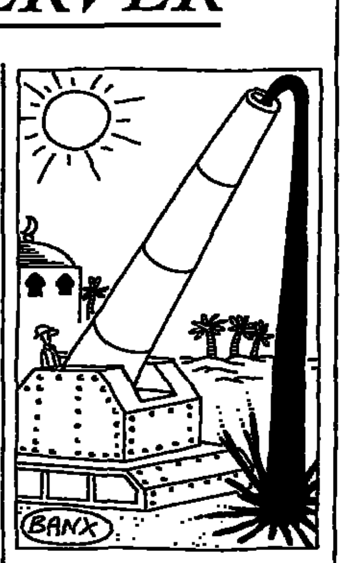
■ According to the latest edition of Conservative Newsline, a Central Office publication, Kenneth Baker, the party chairman, is still waiting for Neil Kinnock, the Labour leader, to respond to a "straightforward question" about import controls.

Margaret Beckett, shadow chief secretary to the Treasury, has been more forthcoming. She told the Commons earlier this week that Labour did not have "the slightest intention" of introducing import controls, and "no intention" of introducing exchange controls either.

Lenin's plates

■ One of the minor results of the Russian revolution in 1917 was that there was a huge glut of unused plates, designed for tsars, but without the finished decorations. They were known as blanks and were stacked away in a porcelain factory in what was then St Petersburg.

Most of them were from the reign of the last tsar, Nicholas II, but some of them went back to his father, Alexander III, his grandfather, Alexander II, and a few to Nicholas I, who reigned from 1825-55. The idea was that the plates would be



painted and given to distinguished visitors. But there was always a surplus and, as each tsar died, the spare plates were allowed to gather dust in a storeroom.

It took the genius of Lenin to realise what to do with them. He turned the Imperial factory into the State Porcelain Factory and had the plates covered with Soviet propaganda, painted by some of the best artists in the country.

Propaganda indeed was one of the keys to the early revolution. In the days before radio, Lenin would have trains going round the country carrying libraries, bookshops and gramophone records of his speeches.

The plates were very much part of it. Apart from being decorated with hammers and sickles, they carried slogans like "Struggle gives birth to heroes" and "The mind cannot tolerate slavery".

Nina Lobanov-Rostovsky, daughter of a French Ambassador to Moscow, has just produced a book about it (Revolutionary Ceramics, published by Studio Vista, £20), and very handsome some of the designs turn out to be.

I am also intrigued to learn that there is a learned quarterly called The Journal of Decorative and Propaganda Arts, founded by the American collector and former diplomat, Mitchell Wolfson.

His own collection includes Hitler's silverware, Farouk's matchbooks and the old furniture from the first class waiting room of the central railway station in Milan. The quarterly demonstrates that propaganda was truly an art form.

Foggitt's bees

■ Farmers in Thirsk are keeping their eyes peeled for bees. Bill Foggitt, the weatherman has told them: "A swarm of bees in May is worth a load of hay."

"I had to tell them something," said Foggitt. "They were beginning to grumble about the lack of rain."

There was not a sign of rain in Thirsk yesterday where the thermometer reached 78 deg F in the shade, still short of the reading on May 3 1966 when it reached 86.

The swallows arrived at the beginning of the week, later than usual. Foggitt said his grandfather's records noted that when they arrived on May 15 in 1903 it heralded a stormy summer, but he doesn't read too much into their arrival this year. He is wondering more what has happened to the cuckoo. That, too, is late.

The lanes in Thirsk are full of orange tipped butterflies, but no bees as yet. Foggitt says that the weather is set fair for the holiday weekend.

Small quake

■ If by mischance you dial an 071 code for an 081 London number from New York, a polite recorded message from AT&T advises: "Due to the earthquake in the area you are calling, your call cannot be completed at this time. Please try later."

POLITICS TODAY

The morning after feeling

By Joe Rogaly

"Perhaps we should have resigned on this day last year," Mrs Margaret Thatcher thought this morning. The British Prime Minister's private ruminations have once again come to me, in advance of her own awareness of them, just as they did a year ago today. "This would be a *dramatic day on which* to step down," she was due to think on May 4 1989, according to my mysterious source. "It is, after all, our 10th anniversary here in Downing Street."

She was superstitious about that anniversary at the time: she tried to prevent her acolytes from celebrating in case the festivities brought bad luck. This morning, as the 11th anniversary dawns, her fears seem to have been confirmed. Will there be a 12th anniversary? There is room for doubt. Using my mystical medium, tune in to her thoughts:

"It is as we suspected. May 1989 was a peak. We seemed invincible; we remember saying we would go on and on and on and being criticised for it. But it seemed true at the time. Everything has gone downhill since that day. Of course you must not let on that you are thinking like this. People would jump on you for seeming weak and wet. But it *is* odd, what a difference a year can make.

"Last May Labour was just catching up and, like us, stood at around 40 per cent in the *polls. There was no threat in* that. They could never have hoped to win an election on those figures. But since then, virtually since the stroke of midnight on May 3 1989, they've never looked back. Now they're over 50 per cent and we seem to be at 30 per cent or less. The idea that we cannot win next time is gaining ground.

"*It is* absurd, of course, yet you cannot shake the feeling away. It came again on Wednesday a week ago – let's see, if it was *that* Wednesday it must have been Gallipoli. What a dreadful association of thoughts. Dublin was enjoyable – it must have been Saturday – because those old chaps Kohl and Mitterrand are so easy to tease. I'll be able to get at François again later this morning.

"We had to go along with them in the end, but it was fun making them wait until the June summit before going ahead with their absurd and, thank heavens, meaningless plans for political union. After that, a few jokes about Eve and you have the press eating out of your hand. Sometimes it seems almost too simple. But this morning . . .

"Come off it, Margaret. Pull yourselves together. *It* was worse in 1981 and we won. The polls were particularly perverse in summer 1985. Charles came in and said he was sorry but he had to report that the Conservatives were trailing third, behind Labour and the Alliance. Yet look at what happened. Didn't we then go on to win a smashing victory in 1987? Polls change in less than two years, often quite decisively. That was marvellous of George Bush the other day, asking who had him trailing 17 points behind, what was his name, – oh yes, Dukakis – six months before his overwhelming victory. George also reminded us that the polls said the Sandinistas would win in Nicaragua – right up to the day before they were crushed by the parties representing freedom and democracy.

"Yet George is not really one of us. He *talks* wet, and tells you he is acting dry – but it doesn't really work. He is not quite sound. We do miss Ronnie. We were such a team. More to the point, he did as he was told, most of the time. George is on the telephone every five minutes, but he phones everyone, quite a bore really, and he is coming to sound just a little bit patronising when he is on the line to us. He is anxious for us to take care of Dan Quayle next week. Do we need to put up with this kind of thing? The BBC thinks we won't have to much longer, judging by Today's tone. Typical of them.

"No, it isn't funny, really. We took a hammering last night, but the question is, how much of a hammering. We've been prepared for it all week. I went to bed before the results. I'd better look at them now. The worst that could happen would be us losing Bradford, *and* Wandsworth and Westminster. Save one of them, and we have something to argue about; save two and we can argue that the poll tax is working as it is meant to – that the real enemy is high-spending Labour councils. We'll have to have someone analyse those figures in great detail.

"There must be a stronger Tory vote wherever our people have kept the charge low. If there is, and we can show it, we're in business. If there isn't, perhaps Kenneth is not the party chairman he said he would be. Is it too soon to make another change?

"*It is certainly too soon to* make a change in No 10 Downing Street. There is so much to do. Some people are muttering, as they come into the Cabinet room, that we must spend away our budget surplus, so as to leave nothing in the kitty for Labour when it comes in. That is defeatist talk. Others are arguing that nothing fundamental has changed. We have to make sure that it has. That means business as usual.

"The amendments to the community charge must be put through. Young Michael Portillo will see that we do it our way. The rate of inflation is shaming. It would be plain wrong to go while it is still high. There is work to be done. Gorbachev needs our backing more than ever now. He sounded so odd on the telephone the other day. We will be visiting him in a few weeks' time. Someone has to stand for a strong defence, particularly in Europe. Both de Klerk and Mandela are coming here soon. Who else is there who could put them straight?

"People are saying the party would stand a better chance under a new leader. This is utter nonsense. There would have to be a leadership contest, and that would tear us apart. Many of those young No Turning Back ministers would come close to resigning if Heseltine won. We might lose some very good people – Eric Forth, John Redwood, Christopher Chope, Francis Maude, the Michaels Forsyth and Portillo, Peter Lilley, and several other excellent chaps. John Major is not ready to take over yet. He is, anyway, not quite as right-thinking as we thought he was.

"No, the time to go is when the task we undertook in 1979 is nearer to completion, not when it is going through an awkward patch. The thing to do when things get awkward is to be more resolute. We must fight harder, and then we will win. It is utterly absurd to think that Neil Kinnock can defeat us. But what if . . . "

The international debt crisis

Reworking the Brady Plan: new money, old obligations

By William R. Rhodes

The Brady Plan, which aimed at giving new impetus to efforts to deal with the international debt crisis, is about to undergo an important evaluation. The Interim Committee, which sets policy for the International Monetary Fund and the World Bank, will meet in Washington on Monday to assess, among other things, the results of the Brady Plan so far and to consider modifications.

Introducing his plan a year ago, Treasury Secretary Brady proposed that voluntary debt reduction by the commercial banks replace new money as the centre-piece of the changed strategy. He also made the point, largely overlooked since, that some of the continuing flows of new money must remain an essential part of that strategy.

So far, the revised strategy has made reasonable progress. Agreements have been reached with Mexico, the Philippines, Venezuela, Costa Rica and *Morocco. Deals remain to be* negotiated with other countries, including two of the largest: Brazil and Argentina.

There are, however, some closely-related concerns we should have about the changed strategy. First, public sector resources to support debt reduction are failing to meet the expectations of some countries. This problem could be *alleviated if other countries* with surpluses followed the example of Japan in making funds available. In addition, government export development agencies should restore lines of credit more rapidly to countries which are making progress in economic reform.

Through the Paris Club, creditor governments should lengthen their restructuring and grace periods and lower interest payments, much as the commercial banks are doing. Recent cases have shown a willingness on the part of the Paris Club to address some of these issues, but more needs to be done.

The Interim Committee should consider modifying the Brady Plan along the following lines:

- The IMF and and the World Bank should allow countries which are restructuring more flexibility with resources that now must be allocated to specific types of debt reduction: cash buy-back, reduction of principal or debt service. Fungibility (the freedom to use the money at their discretion to *achieve an overall goal)* would enable countries to maximise the benefits of the funds.
- Offering more up-front enhancements would help the IMF and World Bank to speed up debt negotiations. Some funds from the IMF and World Bank are not available to countries immediately; instead, they are introduced over time. Negotiations between Mexico and the commercial banks were prolonged because of discussions over a $1.2bn loan bridging the period until the enhancements took effect. Such a loan wouldn't have been necessary had more of the enhancements been made available immediately.
- The World Bank's new Expanded Co-financing Operations, or ECO, facility is intended for countries that have not restructured their debt, such as Hungary and Colombia. *The Bank should* extend it to countries that are successfully coming out of the restructuring process and are on a viable economic course – Chile and Mexico among them.
- The World Bank could accelerate the return of some countries to the voluntary markets by granting waivers to its negative-pledge clause, which prohibits a borrower from *allowing anyone else to obtain* a preferential position in the ranking of creditors. Banks already give this type of waiver. By waiving the clause, the World Bank would allow commercial banks to exercise a greater variety of financing techniques specifically designed for the countries' needs.

Core banks must be encouraged to keep lending to save developing countries from relying on internal savings, foreign investment and capital from official sources

I am concerned about the heavy emphasis on voluntary debt reduction at the expense of some continuing flows of new money. Both Mexico and the Philippines had a difficult time obtaining incremental new money to finance their growth and debt-reduction options and other countries could face similar problems in the future.

In order to grow adequately, many developing countries will continue to need some commercial bank funding to complement their own savings, foreign investment inflows and funds from official sources. Unfortunately, debt-reduction programmes – particularly those involving debt-principal reduction – encourage banks to terminate their lending relationships with participating countries. Many banks are doing so in keeping with their overall business strategy and it is appropriate that such relationships are ended through burden-sharing, by banks voluntarily taking losses through debt-reduction programmes.

I believe there is a core group of international lenders that are committed to the future of the developing world. These banks are willing, in the *right circumstances to commit* new money to countries making serious reforms in their economies.

In order for new-money flows to continue, there must be some encouragement for the core group of banks to keep lending. Otherwise, many developing countries will have to rely on internal savings, foreign investment and capital *flows from official* sources – a phenomenon that could severely limit the growth of such countries.

With that in mind, I support a more balanced approach that not only takes debt reduction into account, but also recognises the importance of some new-money flows, where justified. New-money options that have worked in the past include trade-finance facilities, on-lending, project financings, new-money bonds, debt-equity conversions and co-financings with the World Bank and with regional development banks, including the Inter-American Development Bank. With the possible exception of co-financings, these enhancements do *not involve public funds,* unlike enhancements for debt reduction.

We ought to be concerned with the significant increases in arrearages in interest payments to commercial banks by a number of countries since the implementation of the Brady Plan. For some countries, these arrearages show that the current strategy condones their use as a form of external financing.

Even more disturbing have been the actions of the international financial institutions in disbursing funds to some countries that are in substantial arrears to commercial banks. Those institutions are beginning to see that arrearages to commercial banks can also stimulate arrearages to them. Continuing arrearages will make it increasingly difficult to complete future commercial bank financing packages for the countries in question and therefore will retard their programmes of economic growth and reform.

A combination of voluntary debt reduction and some new money, where needed and justified, is the most promising way out of the debt crisis. This formula, however, can be successful only if the countries show marked progress in reforming and opening their economies and encouraging local savings and direct investment. Deeds speak louder than words.

With the opening of eastern Europe, the demand for capital *presents an even greater* worldwide challenge than it did before. A number of developing countries have accepted and are answering that challenge. If the Interim Committee adopts these recommendations, the nations concerned will be in a better position to reach their goals of stable and sustainable growth.

The author is Senior Executive-International of Citicorp/Citibank.

LETTERS

The pain of Soviet economic reform

From Mr Richard Lucas.

Sir, Georgy Arbatov ("Challenge by the radicals," May 2) argues that Soviet economic reform should not inflict pain on its long-suffering people through some *Polish-style* shock programme.

Economic pain was not the objective of the Polish programme. The terrifying reality is that introducing market relations to any Soviet Type Economy (STE) involves massive pain because:

- Price reform is fundamental if enterprises are to cover costs and market prices are to bring supply *in line with demand.* Price increases of several hundred per cent, which are inevitable given the huge monetary overhang, hurt like anything – because they cut real incomes. May Day in Moscow suggests that the pain will be so bad, that strikes, further exacerbating the economic *malaise, will follow.*
- Many Soviet enterprises are deeply uncompetitive, so without subsidies they will fail. Remember that the Soviet cow drinks more milk than she produces. Massive unemployment will follow the introduction of market relations.

It would be remarkable news if a painless way for STEs to be transformed into prosperous *market economies* were *to* found.

Arbatov suggests that reform depends on its intrinsic quality and the quality of its implementation, without recognising that freely-set prices, unemployment and bankruptcy, are necessary characteristics of market economies.

This flawed approach is reminiscent of Jan Winiecki's memorable description of the communists' approach to reform as "periscopes down."

No STE is going to have an easier and more heavily-subsidised transition to a market economy than East Germany, and it is not going to be painless for them.

Richard Lucas,
PA Cambridge Economic Consultants Limited,
62-64 Hills Road,
Cambridge

'No miracle' in farm settlement

From Mr C. David Naish.

Sir, Last week's EC farm price settlement did not give farmers a generous hand-out, as may have been suggested in *your editorial ("The farm cartel saved again," May 1).*

The rejoicing, such as it is, is over the reduction in totally unfair handicaps.

Although the "green rates" used to convert ECU farm prices into sterling will be closer to market exchange rates, there will still be some significant differences.

Thus taxes of 5-10 per cent will *still* be *imposed on many* UK farm exports while European imports will attract subsidies of a similar size. The higher returns which our farmers should be able to earn will help offset their rising costs.

C.D. Naish,
deputy president,
National Farmers Union,
Agriculture House,
Knightsbridge, SW1

Britain grapples with its FGD commitments

From Mr Rhodri Morgan.

Sir, In November 1989, Mrs Margaret Thatcher proudly told the United Nations that Britain would spend £2bn on its power stations to reduce sulphur dioxide emissions, the main cause of acid rain, as part of its contribution to international environmental improvements.

The sum was then confirmed by the Secretary of State for Energy as the cost of retrofitting 12,000MW of generating capacity.

Since then, however, the imperatives of electricity privatisation have overtaken the imperatives of our world environmental obligations.

The amount of retrofitting has been reduced to 8,000MW.

National Power and PowerGen, the successor companies to the CEGB, reckon they can still achieve the target reductions of 20 *per cent by 1993,* 40 per cent by 1998 and 60 per cent by 2003 – but by cheaper methods.

What they have in mind are more imports of low-sulphur coal and multi-million pound investments in gas-burning power stations. This is surely a "beggar my neighbour" policy.

If Britain buys more low-sulphur *coal, it simply shifts* the place where low-sulphur coal is burnt. Some other customer in a less-developed country, less able to fit FGD, would then be burning high-sulphur coal.

The acid rain would continue falling. Britain would be doing its bit to the letter but but hardly in the right spirit.

Rhodri Morgan MP
House of Commons, SW1

From Mr Jim Sweet.

Sir, As reported in the FT ("MPs warned of threat to coal industry's existence," April 26), PowerGen has undertaken to build four GW (4,000W) of Flue Gas Desulphurisation (FGD) by around 1998.

If construction times are similar to those for Drax power station, 1998 is the earliest date at which the stations could be commissioned, therefore eight GW of FGD by 1998 is a maximum.

That is the target date the EC will get really tough; when we will be expected to have reduced our SO emissions by 40 per cent of the 1980 level.

The evidence presented to the Select Committee for Energy was, in general agreement, that to meet this target, the generating companies would have to burn around 35m *tonnes of imported* low-sulphur coal, even assuming eight GW of FGD and 10 GW of Combined Cycle Gas Turbines (CCGT).

This level of imports would represent a reduction in nearly half the coal purchases from British Coal.

It is clear then that British Coal's survival depends on its ability to persuade the generating companies to build more than eight GW of FGD plant.

If the generating companies do not build any more FGD, they will have to import low-sulphur coal regardless of price.

Both National Power and PowerGen were at pains to point out to the select committee that they would buy British Coal at competitive prices. What was not made clear in evidence was the meaning of the term "competitive prices" in this context.

British Coal would have to offer coal at a cost that would compensate the generators for having to install FGD.

FGD removes 90 per cent of the sulphur emissions from coal plant, whereas substituting imported coal for indigenous coal removes approximately 30 per cent of sulphur emissions – so FGD is three times as effective at removing sulphur dioxide as imported coal, tonne for tonne.

So British coal would have to be cheaper than imported coal by about one third of the cost of building FGD.

But given that FGD takes seven years to build, this offer would have to be made seven years in advance and be competitive with the generator's estimates of future world coal prices and FGD costs.

This is a somewhat unorthodox use of the term "competitive prices."

What we are facing here is a strategic decision by National Power and PowerGen to reduce dependence on British Coal regardless of the possible cost of imported fuel.

This strategy may make the 2003 target of 60 per cent SO reductions much harder and more costly to meet, but such long-term objectives appear to be of no concern to the generators or the Energy Department.

Jim Sweet,
Earth Resources Research Ltd,
258 Pentonville Road, N1

Heading nowhere

From Mr P. O'Keefe.

Sir, We academics clearly live in Ivory Towers.

Our economic theory – based on notions of supply-demand interactions – is obviously not the way financial markets work. But could you please explain to those of us who struggle with theory, your heading "Colleges urged to raise fees to expand enrolment" (May 2).

P.O'Keefe,
Reader (Environmental Management),
Newcastle-upon-Tyne Polytechnic

Dialling in the dark

From Mr Desmond Benjamin.

Sir, Would British Telecom please explain to a bemused public why our new telephone *codes could not be split 071 for* business lines and 081 for private line?

I suggest that people know whether they are dialling a business or a private party, but few know the difference between Clapham and Crouch End (if there is one).

Desmond Benjamin,
3 Windermere Ave,
Finchley, N3

FINANCIAL TIMES

Friday May 4 1990

Britain's opposition waiting in the wings

Michael Cassell on Labour's remarkable revival as an alternative to Mrs Thatcher

BRITAIN'S Labour Party, after an 11 year period in opposition, from which even its most fervent supporters had begun to doubt that it could ever escape, is now widely regarded as a government-in-waiting.

The prospect, not dimmed by the results of yesterday's local council elections, is taking time to sink in among Britain's European partners and in the United States.

Mrs Margaret Thatcher's near-record span as Prime Minister means she is seen almost as a permanent feature in the rapidly changing landscape of international politics.

The idea that she might have left the international stage within two years, some suspect as early as this summer, is now rapidly gaining currency.

In Britain, the Prime Minister and her party are enduring a crisis in public popularity which is so deep and enduring that observers now doubt that the Government can recover sufficiently in order to add to its last three, successive election victories.

The chances of a Labour victory the fourth time around had always appeared slim, given the 102-seat majority secured by the Conservatives in 1987. But now the question is more whether the Government can achieve a recovery on a scale never previously achieved by overturning an opinion poll lead for Labour of well over 20 per cent.

Mrs Thatcher's deep problems, centred on continuing high interest rates, rising inflation and the newly introduced poll tax, the controversial and widely criticised system for raising local taxes, have helped present Labour with its best opportunity for years to get back into Downing Street.

If Mr Neil Kinnock, the 48-year old Welshman who will shortly become Britain's longest-serving opposition leader, does lead his party back to power it will prove to be a particularly personal triumph.

Elected leader of his party in 1983, following its second defeat at the hands of Mrs Thatcher, Mr Kinnock was initially forced to spend much of his time attempting to stamp out the internal, left-wing extremism which had rendered

Neil Kinnock

his party unelectable.

By the time it was his turn to face Mrs Thatcher at a general election, his task had not been completed and the party was still seen by voters as fundamentally split and clinging to a set of policies – most notably unilateral nuclear disarmament – which held no appeal for the electorate.

After the 1987 defeat and another crushing blow to party morale, Mr Kinnock and his closest advisers began a measured programme of reconstruction which was seen as perhaps the last opportunity to save Labour from terminal decline. The centre-ground Alliance parties, which had finished only a short way behind Labour in number of votes cast, appeared capable of taking its place.

The Labour leader began a two-year policy review in which every element of party policy went under the microscope. By the time it was completed last year, the party had dumped much of its old, ideological baggage.

No longer did the party hitch itself to penal rates of taxation for the better-off, while it abandoned its unswerving commitment to state-ownership as a central element in its blueprint for economic revival. Labour now embraced and actually encouraged the role of the market , while reserving the right of the state to intervene when it was deemed to be in the public interest.

Britain went to the polls yesterday in a round of local elections seen as a vital test of the popularity of the Conservative central Government of Mrs Margaret Thatcher.

According to opinion polls, turnout will be much higher than the usual 40 per cent because lethargic voters are likely to be galvanised by the unpopularity of the Government's new local community charge, or poll tax.

The Conservatives were hoping to keep their losses in the country's town halls below 250 seats. The opposition Labour Party was hoping to make significant gains among the 5,200 seats at stake

The results will be seen as an indication of the electoral prospects of the Conservatives and the political future of the Prime Minister herself.

Margaret Thatcher

Having fought the 1983 election on a platform to withdraw Britain from the European Community, Labour now stood as an enthusiastic supporter. While it has its own reservations about community development, it speaks in positive tones while casting the Prime Minister as an increasingly negative and sceptical player.

The party has its own preconditions for Britain's entry into the exchange rate mechanism of the European Monetary System and appears no more enthusiastic over the prospects for monetary union than the Government.

In its latest policy document on Europe, not yet published, the party emphasises that the EEC is not a unitary state and that progress towards unity should not lead to a European "super-state". The European Parliament, it adds, should seek power to complement and not replace the role of national legislatures.

By 1988, Mr Kinnock felt able to make the case for the most fundamental change of all in party policy by publicly acknowledging that unilateralism was no longer credible. A Labour government would accept something in return for the abandonment of its nuclear forces, a stance endorsed by last year's party conference.

No less importantly, Labour had also embarked on the reconstruction of its policy-making machinery. The party was still regarded as being almost totally in the pocket of the big trade unions, who were its principal paymasters and who dominated the policy-making annual conference with more than 90 per cent of all the votes cast.

Mr Kinnock, who has enjoyed an unparallelled mastery of the party's ruling national executive committee, used his strength to push through a programme of internal reforms intended to introduce a more deliberative, democratic decision-making process.

The principle of one-member-one-vote, to replace a quota system invariably dominated by unions or activists, is now being introduced, step-by-step throughout the policy-making machinery. Extremists have been largely, though not completely, purged.

Moves recently announced represent the first, tentative step towards dismantling the union "block vote", cutting it back to 70 per cent. It could eventually be reduced to 50 per cent or even less.

At the same time, Labour has launched a campaign to restore it as a mass-membership party. Electoral disenchantment had brought membership down to well under 300,000 from nearly 1m after the last war. Although the campaign has been going for over a year, however, it has made only very limited progress. Until the numbers grow, the unions are likely to retain their grip on policy-making.

As for Mr Kinnock himself, his long years in opposition mean that he has none of the attractions of a new face on the political scene. He is still regarded in some circles as a lightweight who has performed a variety of about-turns on policy and who is not up to the task of following in Mrs Thatcher's footsteps.

But even political opponents acknowledge that the Labour leader's Herculaean efforts to revive his party have paid handsome rewards. The big question is whether the tactical skills he has used to knock his party into shape are sufficient to qualify him for government.

For the last year, as the Government's fortunes have deteriorated, Labour has emerged as the only beneficiary. It now stands accused of maintaining a low profile, of failing to spell out the detail of its own policies or its vision for the future of Britain. Its poll performance, say the critics, is merely a reflection of the Government's low standing, rather than a positive reflection of its appeal.

Both Mr Kinnock and his party's policies will now begin to come under detailed analysis and attack from its opponents, who must undermine its hard-won standing as an increasingly competent and attractive political force. Labour must prove that its transformation is genuine and that it has an agenda of coherent, sensible policies offering a change of direction after more than a decade of Thatcherism.

If the Government's fortunes soon begin to improve, then Labour's rare and heady spell of popularity will begin to wane. The battle for Downing Street will then begin to make Mr Kinnock's previous trials and tribulations look like a rather low-key trial run.

THE LEX COLUMN

Coalmen knock the props from Globe

When remarks by the late Bobby Kennedy about the abuse of power are trotted out by the Association of Investment Trust Companies to attack the British Coal pension funds' bid for one of their members, it is time to look the other way. The battle for Globe Investment Trust may be an upsetting sight for a few cosy fund managers; but it does not deserve to be elevated to a City *cause célèbre*. It would be nice to think the rather hysterical reaction in some quarters to the £1bn bid is a cunning ploy to jack up the price. But the more one listens to the AITC and Globe, the greater the sense that they really believe their propaganda. Preserving the investment trust flock seems to be more important than welcoming bids which should help eliminate the traditional sector discount. This is not the response of a healthy industry.

As it is, the coalmen have moved swiftly to defuse any reasonable criticism. The loan note alternative and the novel investment trust tracker fund may not be perfect substitutes for an investment in Globe. But given the latter's mediocre performance in the past and the range of superior alternatives, Globe's shareholders cannot argue that they are being greatly harmed.

This was always going to be a difficult bid to defend. Given that the FT-SE 100 has already fallen by 50 points since it was launched, the odds are that Globe will be taken out at 191p. The only way Globe can redeem its reputation and that of the industry is by agreeing to break itself up. But its past record holds little promise of such initiative.

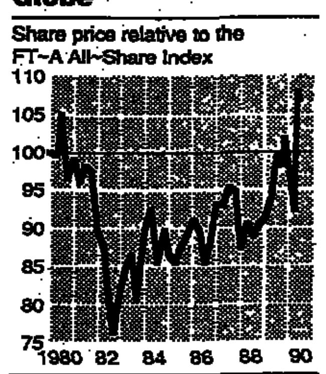
Philips

Even for a company with such a deplorable recent record, Philips' first quarter results are really something. For several years, the group has masked the decline in its operations with asset disposals. Indeed, stated net earnings this time are up by over 50 per cent. But operating margins are down from 4.8 per cent to 3.5 per cent; and in sterling terms, sales of over £4bn have produced true net earnings of a little under £2m.

It is impressive that Philips should remain so committed to primary development in electronics. But the fundamentals are looking less and less appealing: the fall in the yen, the threat of reduced EC tariff barriers and the fact that in an

Globe

Share price relative to the FT-A All-Share Index



era of dear money, interest cover in the latest quarter is only 1.2 times. Even after yesterday's 11 per cent fall to Fl 33.60, the shares are still on over 11 times last year's earnings, including profits on disposals. This year, earnings must be substantially down. In the past seven years, the shares have underperformed the Amsterdam bourse by two thirds. There seems no reason for the trend to change.

Rolls-Royce

1990 has produced some of the most sustained outperformance to be seen from Rolls-Royce's shares since flotation. The details of yesterday's news from Rolls and BMW about their West German aero-engine joint venture, and BMW's 1 per cent stake in Rolls, will mean more to small boys and aerospace buffs than they do to the average fund manager. But it seems a bullish sign nonetheless.

Since BMW is not the big mystery buyer which has been standing in the London market in the last week or so, somebody else must be; and with the shares still on only about 8.5 times 1990 earnings and £200m of net cash in the balance sheet, Rolls hardly looks over-valued at 195p. Rolls is also cutting BMW in for 5 per cent, but no more, of the new Trent engine, which suggests confidence about its ability to finance that programme.

Wellcome

Yesterday's 3 per cent drop in the Wellcome share price seemed a meagre response to a set of interim figures at the top end of market forecasts. But if Wellcome's price were based on immediate results it would not be on 30 times historic earnings, especially after yesterday's underlying rise in trading profits of less than 10 per cent. The key is still the outlook for Retrovir, particularly in asymptomatic carriers of the AIDS virus; and on that subject Wellcome, true to form, maintains a steadfast silence.

The fundamental puzzle on the shares thus remains. The rest of the drug portfolio, both present and future, is sound but less exciting. There is also an interesting question of what will happen to management style under a new chairman, chief executive and finance director, none of whom had any connection with the company in the days before its flotation. But all this is overshadowed by unanswerable questions about demand, pricing, dosage and competition for Retrovir.

Then again, it was always thus; and it is worth recalling that the shares are now higher relative to the market than at any time since flotation four years ago, having outperformed by a factor of three along the way.

Norwich Union

With one stroke and a mere £257m of policyholders' money, Norwich Union has crowned itself king of New Zealand's non-life insurance market. This is not much to be proud of. New Zealand has only 3.3m inhabitants, so that the State Insurance Office which Norwich Union is buying there is probably about the same size as its Watford branch. It is also significant that Barclays Bank economists reckon the New Zealand economy is still structurally weak and will grow at less than the OECD average between now and 1994: that the local stock market is no higher than in 1985: and that this deal gives Norwich Union no access to more exciting Pacific territories.

To be sure, if you really like New Zealand, the State Insurance Office was the best buy, with a low expense ratio, and dominant market position. At 1.87 times current net asset value, the purchase price of $NZ735 is less than General Accident paid for NZI's insurance operations. But it is depressing that a British insurer making its largest insurance acquisition since 1959 opts not for Europe but for undynamic and safely English-speaking New Zealand. The usual excuse is that in Europe asking prices for insurance companies are too high. If so, British insurers should husband their resources until prices in Europe fall again, as they may.

UK offers new plan for monetary union

By Philip Stephens, Political Editor, in London

BRITAIN is to make new proposals for European economic and monetary union as an alternative to the plans for a single currency and central bank favoured by its European Community partners.

The initiative, disclosed yesterday by Mrs Margaret Thatcher in the House of Commons, intensified speculation that the Prime Minister has now accepted that Britain should soon take up full membership of the European Monetary System.

Some senior UK ministers believe that sterling could be participating in the EMS exchange rate mechanism at the end of the year, initially within the wide margins of fluctuation currently applied to the Spanish peseta.

Providing a further sign of the Government's efforts to adopt a more positive tone towards European integration, Mrs Thatcher said the latest proposals would focus on strengthening co-operation "to the benefit of everyone."

She hinted that the plans would be published alongside Britain's separate response to the Franco-German call for the Community to move towards political union.

Mrs Thatcher made clear that Britain was still opposed to the principle of the single currency and European central bank envisaged in stages two and three of the Delors report on economic and monetary union. That report will provide the basis for the intergovernmental conference of the 12 member states scheduled to begin in December.

Her comments, however, indicate that the Government has recognised that the "competing currencies" scheme it tabled last year is not a sufficiently credible option to take to the conference. That scheme has received a less-than-enthusiastic response in other European capitals.

Mrs Thatcher gave no details of the new proposals, but they are expected to concentrate on enhancing the commitment to exchange rate stability already implied by the EMS exchange rate mechanism.

One suggestion last night was that Britain might propose a progressive tightening in the rules governing currency fluctuations within the ERM alongside progressive improvements in the mechanisms for closer co-ordination of monetary policies. The aim would be to forge an alliance with the influential West German Bundesbank, which has backed a gradualist approach to European monetary union.

It is far from clear, however, whether such proposals, some of which are already assumed in stage one of the Delors report, will be sufficient to deflect the more ambitious goals of many other EC governments. The logic of ever-tighter rules within the ERM points to an eventual commitment to a system of fixed exchange rates, but the Prime Minister indicated this week that she is still unconvinced such a regime is possible.

Thatcher resists pressure for diplomatic move on hostages

By Michael Cassell and **Victor Mallet** in London, **Robert Mauthner** in Brussels and **Kieran Cooke** in Dublin

MRS Margaret Thatcher yesterday welcomed the role played by Iran and Syria in the recent release of two US hostages in Lebanon, but forcefully reaffirmed her government's refusal to consider any deals to free the four British captives there.

With pressure mounting at Westminster for a fresh diplomatic drive on the hostages issue, and further anti-western statements emerging from Iran and its supporters in Lebanon, the Prime Minister maintained the Government's long-held position that it would not give in to what she described as "blackmail."

Mrs Thatcher, however, told the House of Commons that Britain would continue to use "quiet contacts" to work for the release of hostages.

Mr Douglas Hurd, the Foreign Secretary, said for the first time that Britain – which has no formal diplomatic relations with Iran or Syria – was prepared to consider direct talks on the hostages.

"I do not rule out direct talks, but one needs to be clear that they are likely to be successful," he said after meeting Mr James Baker, US Secretary of State, in Brussels.

Dr Robert Runcie, the Archbishop of Canterbury, has called for direct talks between Iran and Britain.

In Washington, President George Bush reaffirmed his own "no deals" policy while continuing to make friendly gestures towards Iran. He said the US was willing to help Iran discover the fate of a group of missing Iranians captured by Christian militiamen in Lebanon eight years ago, although the Iranians were believed to have been killed.

"If there is some way we can go back and get any information to relieve the anxiety of the loved ones of those people, we ought to do that," Mr Bush said. "I would have in mind any gesture that wouldn't be perceived as negotiating for the release of the hostages."

President Hashemi Rafsanjani of Iran, meanwhile, accused the US of acting like a "stubborn and spoiled child full of complexes" for refusing to strike a deal over the hostages.

Mr Rafsanjani poured scorn on Washington for indicating that the US might restore ties with Iran if all the hostages were freed, saying Iran did not want to have diplomatic relations anyway.

In Lebanon, Mr Hussein Mousawi, a leader of the Iranian-backed Hizbollah organisation behind the kidnapping of the 15 westerners still held, suggested that Britain should follow the US and France in making gestures to obtain the release of its hostages.

The sisters of Mr Brian Keenan, the teacher with dual British and Irish citizenship held hostage for more than four years, have been told by Mr Frank Reed, one of the freed US hostages, that they should continue to emphasise Mr Keenan's Irish nationality.

"He told us that the British were not doing enough to help their hostages. Brian is insisting he is Irish," said Mrs Elaine Spence, one of Mr Keenan's sisters.

Iran broke off relations with Britain last year over the Salman Rushdie affair, and Britain cut ties with Syria in 1986 after accusing Syrian diplomats of involvement in a plot to blow up an Israeli airliner.

US trade board investigates domestic Japanese car makers

By Peter Montagnon in London and **Nancy Dunne** in Washington

THE US Federal Trade Commission (FTC) is investigating the activities of Japanese car manufacturers in the US following complaints from US industry that they have entered into exclusive relations with parts suppliers.

The disclosure yesterday by Ms Janet Steiger, FTC CHairman, said that the investigation under way comes after intensive efforts by the Bush Administration to patch up its trade difficulties with Japan to pave the way for progress in the Uruguay Round of multilateral trade liberalisation talks.

Despite intense pressure from the US car components industry, which ran a deficit with Japan of $5.5bn last year, President Bush decided a week ago not to place Japan on the 1990 list of unfair trading countries which his Administration was obliged to compile under the terms of the 1988 Trade Act.

However, the FTC investigation suggests that the Japanese car industry has not after all escaped scot free.

Ms Steiger said the investigation would focus on "ownership interests, supply contracts, any evidence of discriminatory pricing, and the possibility that singly or in combinations, these tactics may produce exclusionary effects which limit the ability of US firms to compete effectively."

It will examine the activities of the Honda, Nissan, and Toyota concerns, all of which have set up manufacturing facilities in the US. Ms Steiger told the House Judiciary Committee it was necessary to see whether they had established exclusive relationships with component suppliers to their US plants.

In March, Senators John Danforth and Fritz Hollings wrote to Ms Steiger asking for an investigation into the companies because they said there was evidence that Japanese firms were denying business to US suppliers.

They said they were concerned that Japanese car manufacturers had equity interests in components suppliers who would hold their prices down to keep out competition.

Ms Steiger declined to say how long the investigation would take, but she said there could be no exemption for foreign companies from US anti-trust laws if their conduct harmed markets and consumers in the US.

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	20	68	Dallas †	C	16	61	Madeira	C	18	64	Prague	S	18	64
Algiers	F	23	73	Dublin	S	20	68	Madrid	S	18	64	Reykjavik	F	9	48
Amsterdam	F	24	75	Dubrovnik	S	22	72	Majorca	F	23	73	Rhodes	S	19	66
Athens	F	16	61	Edinburgh	S	16	61	Malaga	S	20	68	Rio de Janeiro		-	-
Bahrain	S	29	82	Faro	S	21	70	Malta	S	21	70	Rome	S	20	68
Barcelona	S	21	70	Florence	S	23	73	Manchester	S	25	77	Salzburg	S	20	68
Belfast	S	21	70	Frankfurt	S	22	72	Melbourne	S	10	68	S'Francisco †	S	12	54
Belgrade	S	16	61	Geneva	S	21	70	Mexico City		-	-	Santiago		-	-
Berlin	S	21	70	Gibraltar	R	17	63	Miami †	S	26	79	Seoul	C	13	55
Biarritz	S	23	73	Glasgow	S	22	72	Milan	S	20	68	Singapore	*	-	-
Birmingham	S	23	73	Guernsey	S	22	72	Montreal †	S	6	43	Stockholm	S	26	79
Blackpool	S	23	73	Helsinki	S	24	75	Moscow	S	15	59	Strasbourg	S	22	72
Bombay	*	-	-	Hong Kong	F	29	84	Munich	S	18	64	Sydney	S	21	70
Bordeaux	S	26	79	Innsbruck	S	21	70	Nairobi	F	26	79	Tangier	C	19	66
Boulogne	F	25	77	Inverness	S	19	66	Naples	F	24	75	Tel Aviv	S	21	70
Bristol	S	23	73	Isle of Man	S	18	64	Nassau		-	-	Tenerife	S	21	70
Brussels	S	24	75	Istanbul	R	8	46	Newcastle	S	20	68	Tokyo	C	17	63
Buenos Aires		-	-	Jersey	S	25	77	New Delhi	F	33	91	Toronto †	S	5	41
Budapest	S	20	68	Johannesburg	S	18	64	New York †	S	12	54	Tunis	F	22	72
Cairo	*	-	-	Las Palmas	S	21	70	Nice	F	21	70	Valencia	S	20	68
Cape Town	S	17	63	Leeds	S	23	73	Nicosia	S	21	70	Venice	S	21	70
Cardiff	S	22	72	Lisbon	S	20	68	Oporto	S	24	75	Vienna	S	18	64
Chicago †	F	11	52	Locarno	F	23	73	Oslo	S	20	68	Warsaw	S	19	66
Cologne	S	23	73	London	S	26	79	Paris	S	24	75	Washington †	C	14	57
Copenhagen	S	21	70	Los Angeles †	C	15	59	Peking	*	-	-	Wellington	C	14	57
Corfu	S	21	70	Luxembourg	S	23	73	Perth	C	21	70	Zurich	S	20	68

C - Cloudy Dr - Drizzle F - Fair. Fg - Fog H - Hail. R - Rain S - Sunny Sl - Sleet. Sn - Snow T - Thunder.
† Noon GMT temperatures

FINANCIAL TIMES
COMPANIES & MARKETS
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INSIDE

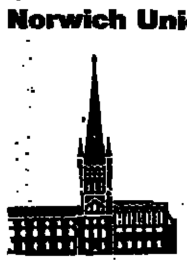
Bloomingdale's off the block

Bloomingdale's, the top US department store chain, is no longer for sale. Its owner, Federated Department Stores, the debt-burdened subsidiary of Canada's Campeau Corp which sought protection from creditors earlier this year, said yesterday that it had changed its mind about the sale because of "market circumstances", as well as Federated's own financial condition. Page 24

USX: smaller than the sum of its parts?

If USX, the American steel and energy group, were to shrug off its entire steel business into a separate company, investors would end up with shares in two companies worth more apart than together. So says US corporate raider, Carl Icahn (left), who, as the owner of 13.3 per cent stake in USX, is pushing the idea against fierce opposition from the company's management. Mr Icahn hopes USX shareholders will agree with him when the matter is put to a vote at next week's AGM. Page 24

Norwich Union buys NZ insurer



At one stroke, Norwich Union, the UK mutual insurer, has become the biggest non-life insurance company in New Zealand. Its surprise victory in the bidding for the State Insurance Office, New Zealand's biggest general insurer, gives it 36 per cent of the country's motor and 24 per cent of its household insurance. The price, at £257m (US$422.3m), was high. But Norwich Union could not pass up what it saw as an uncommon opportunity to buy a profitable insurance business. Page 29

Out of the bund backwater

Two years ago the Germany cash market in bonds was little more than a domestic backwater. But it is now being hauled into the twentieth century, helped by the recent intense interest in bund futures in London. Liffe's contract is established as a liquid market and Frankfurt will have a struggle to wrest business back when its own futures contract is launched in August. Deborah Hargreaves examines the sensitivity between London and Frankfurt. Page 27

Lucrative streak amid the gloom

The Tokyo Stock Market suffered some of the worst falls in its history earlier this year, but certain Japanese companies were able to profit from the crisis. These were Japanese exporters to which the weak yen brought higher revenues and increased competitiveness. Michiyo Nakamoto finds that, even in extremity, investors in Japan can find a lucrative investment theme. Back Page

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)

Rises			
BMW	604	+	17.5
Brown Boveri	665	+	45
Daimler Benz	664	+	22
Karstadt	690	+	25
Mercedes	721	+	14
Rosenthal	362	+	11
Siemens	781	+	15

NEW YORK ($)

Rises			
Amer. General	48⅛	+	¼
Fleet-N'star	19½	+	⅜
Ford Motor	45⅝	+	⅛
Gen. Motors	45⅝	+	⅞
Smith Corona	7⅛	+	⅛
Woolworth	60⅞	+	⅝
Falls			
Household Intl.	41¾	−	¾

PARIS (FFr)

Rises			
BSN	630	+	15
Cetelem	632	+	17
Eurocom	2175	+	71
Havas	1704	+	64
St. Gobain	619	+	14
Sefimeg	547	+	20
Falls			
Pernod	1269	−	14
Redoute	3175	−	40

New York prices as at 12.30pm. Tokyo closed.

LONDON (Pence)

Rises			
Brent Walker	277	+	12
Bunzl	85	+	4
Euro Disney	1093	+	20
Heywood Wms.	258	+	15½
Kwik Save	481	+	11
Leeds Grp.	195	+	25
Polly Peck	403	+	8
Propeller	33	+	5
Reuters	1098	+	27
Saatchi	103½	+	9½
Falls			
ASB Bassett	31	−	7
BAT Inds.	676	−	16
BTR	384	−	7
Budgens	65	−	13
Davies & Newman	355	−	50
Macallan-Glen	638	−	30
Pilkington	191	−	7
Rolls-Royce	194½	−	5½
Wellcome	655	−	21
Williams Hldgs.	247	−	3

BMW in Rolls-Royce joint venture

By Andrew Fisher in Frankfurt and Paul Betts in London

BMW, the luxury car producer, is teaming up with Rolls-Royce of the UK in a joint venture to make commercial aero-engines.

For BMW, the agreement marks a modest but significant move back into the sector in it started more than 70 years ago. For Rolls-Royce, the move provides a European partner for its commercial jet engine business.

Rolls-Royce shares fell 5.5p on the day, to close at 194.5p, reflecting disappointment by speculators who had been hoping that a hostile stake-builder might have been behind recent heavy trading in Rolls-Royce stock.

BMW confirmed it had acquired a 1 per cent stake in Rolls-Royce, as a symbol of the relationship. Rolls-Royce said it had no plans to buy shares in BMW.

Sir Ralph Robins, deputy chairman of Rolls-Royce, said: "The new joint venture is a major step towards strengthening the European aero-engine industry and will be fully supported by Rolls-Royce and its technology."

The new joint venture will absorb the aero-engine subsidiary of KHD, the German engineering company, which BMW bought yesterday. BMW gave no price for its purchase of KHD Luftfahrttechnik, which had a turnover of some DM180m in 1989. But Mr Eberhard von Kuenheim, BMW's chief executive, said the price was below the turnover figure.

BMW has taken a cautious approach to diversification, unlike its rival Daimler-Benz which has plunged heavily into the aerospace, defence and electronics industries. Mr von Kuenheim said yesterday: "We don't want to enter into things we don't understand. Here, we understand about half of the business. We believe that we can obtain [from the new partnership] impulses for our existing materials and combustion technologies. There will be two-way synergies."

Mr von Kuenheim said the newly purchased company, in which Rolls-Royce will take a 49.5 per cent stake after a capital increase, would expand considerably as the UK concern contributed production and development work. Its workforce of 900 would increase and its location would eventually be moved from Oberursel, near Frankfurt, where room for expansion is limited.

The new venture will collaborate with the Rolls-Royce Tay and Trent civil engine programmes. It will then begin the design and development of new engines of less than 20,000 pounds of thrust, to supply demand for re-engining of old aircraft and new aircraft in the 75-seater regional airliner market.

Modest alliance between two pioneers

Paul Betts and **Andrew Fisher** report on the links between international jet engine makers

The agreement between Rolls-Royce and BMW to form a joint aero-engine company is the latest example of a scramble for international alliances in the aircraft engine industry.

"Joint ventures, shareholding participations, licensing agreements have all become part of the way of life of the aviation business," a Rolls-Royce official remarked yesterday.

The pace of deal-making has been accelerating. The three leading aero-engine companies – General Electric and Pratt & Whitney in the US and Rolls-Royce in the UK – have each sought to clinch new partnership agreements to help them compete in a cut-throat global market.

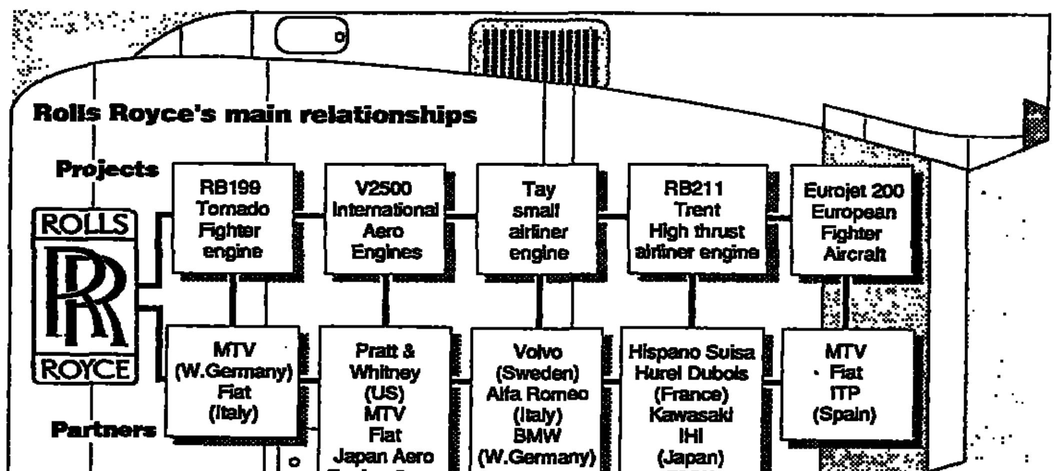
The alliance between the UK aero-engine group and the West German luxury car company comes on the heels of another, more controversial co-operation agreement.

Earlier this year Pratt & Whitney announced links with Motoren-und Turbinen Union (MTU), the largest West German aero-engine company, which is controlled by Daimler-Benz. That agreement provoked a law suit from GE, Pratt's arch rival, claiming that the Germans had breached collaboration agreements with the US group.

Of the three big aero-engine manufacturers, Rolls-Royce is by far the smallest. It has also lacked a strong partner in Europe in the civil engine sector.

The successful co-operation agreement between GE and Snecma, the French state-owned aero-engine company, coupled with the recent alliance between Pratt and MTU, clearly put additional pressure on Rolls-Royce to find a European partner of its own.

One of the significant aspects of the new company – to be 50.5 per cent owned by BMW and 49.5 per cent by Rolls-Royce – is that it will involve the German partner in two of Rolls-Royce's most promising civil aero-engine programmes.



These are the Tay engine, which powers the Gulfstream IV executive jet and the strongly selling Fokker 100 regional jet; and the Trent, the largest of the Rolls-Royce civil engine family.

Rolls-Royce has high hopes for the Trent. This big thrust engine is designed to power the new generation of wide-body aircraft by Boeing, McDonnell Douglas and Airbus which is expected to account for an increasingly important share of the commercial aircraft market.

But Rolls-Royce is facing tough competition from Pratt, with its PW4000 engine, and GE, with ambitious plans to develop a new big thrust engine, the GE90. All three manufacturers have sought risk sharing partners to back their big engine programmes.

Before the BMW agreement, Rolls-Royce had secured for the Trent the participation of two Japanese companies and Hispano-Suiza of France. These companies currently represent about 15 per cent of the Trent programme. BMW will now take a 5 per cent stake in the Trent, bringing the total participation of partner companies to 20 per cent. BMW will also take a small stake in the Tay, which already has Volvo and Alfa-Romeo as partners.

The deal between Rolls-Royce and BMW has been reinforced by BMW's acquisition of a 1 per cent stake in the UK group. Rolls-Royce does not plan to acquire a similar stake in the West German group.

The alliance with BMW appears, at this stage at least, small by comparison with the GE-Snecma partnership and the proposed links between Pratt and MTU. It is none the less a response by Rolls-Royce to the continuing efforts of its two bigger US rivals to consolidate their respective positions in the European market. Rolls-Royce, a big supplier to British Airways, is still seeking to make a breakthrough among continental European airlines. It has, however, made important inroads of late in the US and Far East markets.

For BMW the deal with Rolls-Royce represents a return to the company's roots. BMW began life in the aircraft engine sector in 1916; its white and blue emblem is a stylised representation of a propeller. It began selling out of its aerospace company in the mid-1950s, when it ran into financial difficulties. MAN bought half of the company, and took over the other 50 per cent in 1969.

The activities were subsequently sold to MTU, now part of Daimler, with which Rolls-Royce now co-operates in military programmes for the Tornado and European Fighter Aircraft engines. MTU is also a partner with Rolls-Royce, Pratt and a Japanese consortium in the V2500 International Aero Engines civil programme.

The new joint aero-engine company will take over the business of KHD Luftfahrttechnik, a subsidiary of Klöckner-Humboldt-Deutz, which BMW has bought for an undisclosed sum. These activities have a turnover of about DM180m. Industry sources expect the partners to invest around DM1bn in the new company over the next 10 years.

The transaction with KHD is not BMW's largest move outside cars – last year, it bought Kontron Electronics, with DM316m of turnover, from Switzerland's Roche Holding – but it is the most significant.

It appears to represent a cautious and carefully calculated response by BMW to Daimler's grand ambitions in the aerospace sector. At one stage, the government of Bavaria, then headed by the strong-minded Prime Minister Franz Josef Strauss, tried to interest BMW in taking a stake in Messerschmitt-Bölkow-Blohm (MBB), which Daimler-Benz recently acquired. But BMW, headed by Mr Eberhard von Kuenheim, its financially cautious chief executive of the past 20 years, thought the commitment and risk would be too great.

Mr von Kuenheim has made no secret of his view that Daimler has stretched its management resources to the limit by acquiring MBB, MTU, Dornier, and AEG throughout the 1980s. He has said that BMW itself is not interested in diversification as an end in itself, but only in investing in businesses which met three criteria. They must not tax the company's resources; they must not be too far removed from cars; and they must have a promising future.

BMW gave few details of its joint plans with Rolls-Royce yesterday. It said, however, that the present activities of KHD Luftfahrttechnik, which include Airbus contracts as well as military work such as helicopters, would be continued. "We've been interested in aircraft engines for some time as it is a sector of which we still have some understanding on the production and technical side," Mr von Kuenheim said yesterday.

St-Gobain to buy Solaglas of UK

By William Dawkins in Paris

SAINT-GOBAIN, Europe's largest glassmaker, yesterday agreed to pay £96.5m ($154m) for Solaglas, a UK building glass producer and distributor. It is the French company's second big foreign takeover in just over a week.

The deal, coming hot on the heels of Saint-Gobain's $2bn agreed bid for Norton, the US abrasives maker, will more than double the French company's UK annual sales to £300m. It will also fortify the group's presence in the home market of one of its main rivals, Pilkington. It is the latest in a constant flow of ambitious French takeovers overseas.

Pilkington's shares werte down 7p to 191p towards the end of trading yesterday, though it professed to be unworried by Saint-Gobain's latest move. Supplies to Solaglas account for 1 per cent of the UK company's turnover, said Mr Andrew Robb, Pilkington's finance director. Saint-Gobain's shares ended the day up FFr9 at FFr619.

Solaglas is owned by Plate Glass and Shatterprufe Industries (PGSI), a South African group, which is at the same time paying £16m for Saint-Gobain's French and West German car windscreen replacement businesses. PGSI will merge these operations with its own Autoglass emergency windscreen replacement network.

Solaglas had sales of £173m in the year to last March, from its activities in flat glass processing, glazing, tempered and laminated glass, mirrors and double glazing. Its 89 outlets make it one of the UK's largest glass distributors.

The French said it wanted to increase the 29 per cent of its FFr64bn ($11bn) per year turnover devoted to flat glass and to enlarge its access to a UK market in which it had a relatively small representation. Its only other UK activities are TSL, a silicon producer and Stanton, a maker of pipes.

Saint-Gobain chose to make the takeover through a Belgian unit, Saint-Roche, because 73 per cent of the subsidiary's BFr11bn ($318m) annual turnover is in flat glass, Solaglas's main product.

Analysts see the acquisition as fresh evidence of glass producer's general eagerness to build up downstream activities, to gain greater control of marketing.

The deal helps PGSI focus on windscreen glass and virtually eliminates its non-South African activities' debts, said Mr Ronnie Lubner, PGSI's chairman.

GM and Ford report sharp falls in first quarter profits

Martin Dickson in New York

GENERAL Motors and Ford, the two leading US automobile manufacturers, yesterday reported sharp drops in first quarter net income, due mainly to weak demand and ferocious competition in the American car market.

General Motors saw earnings fall by 54 per cent to $710m, while Ford declined 69 per cent to $506m. Both pinned much of the blame on cuts in US production, designed to bring dealers' bloated inventories more in line with demand from buyers.

US vehicle sales in general have been running well below last year's levels during the spring buying season, and price competition between the big US manufacturers and Japanese companies means that little money is being made in the domestic car market.

However, GM, the largest US manufacturer, which has suffered a serious erosion of its once overwhelming domestic dominance in recent years, reported that it had gained market share compared to the first quarter of last year, with 35.2 per cent of the total vehicle market, up 0.7 per cent. In a declining market, its total US retail sales rose 1.4 per cent to 1.24m units. Ford, the most successful of the US manufacturers during the 1980s, saw its US car market share dip from 22.3 per cent to 21.8 per cent, but said it expected this to improve over the next few months as new products came through.

Outside the US, GM's very successful European operations meant overseas profits continued at record levels, but Ford suffered from labour problems in the UK and the stringent economic reforms in Brazil.

GM's profits were towards the upper end of analysts' expectations and its shares rose on the New York Stock Exchange to stand at $45 ⅝, up $¾ at noon. Although Ford's profits were below best expectations, its shares also rose $¼ to trade at $45¾.

Details page 24

Eugene Rotberg resigns from senior post at Merrill Lynch

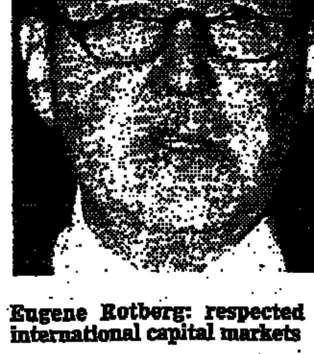
By Alan Friedman in New York

MR EUGENE ROTBERG, the former World bank treasurer who three years ago was appointed a senior executive of Merrill Lynch, the Wall Street investment house, has resigned from the company with effect from July 31.

Mr Rotberg, who in the 1980s became one of the most influential and respected figures in the international capital markets, could not be reached for comment yesterday.

Merrill Lynch denied, however, that there was any policy dispute and said Mr Rotberg merely wished to devote more time to teaching, matters of international public policy and the identification of investment opportunities in developing countries.

In his position as World Bank Treasurer Mr Rotberg built up a formidable reputation in the Euromarkets as a pioneer of new financing techniques, including currency and interest rate swaps.



Eugene Rotberg: respected in international capital markets

He left the World Bank in 1987 after policy disagreements with Mr Barber Conable, the World Bank president.

The Treasury operations headed by Mr Rotberg at the World Bank were responsible for managing the Bank's $20bn of cash balances and raising more than $10bn a year in new borrowings.

Merrill Lynch said yesterday that, since joining in 1987, Mr Rotberg had successfully completed his primary assignment – the establishment of a firm-wide risk-monitoring and control system and the developing of relationships with governments and supranational entities.

Prior to joining the World Bank, Mr Rotberg had also served as a chief counsel for the US Securities and Exchange Commission (SEC).

INTERNATIONAL COMPANIES AND FINANCE

Philips plummets to Fl 6m in first quarter

By Laura Raun in Amsterdam

PHILIPS, the Dutch electronics group, reported that net income from normal business operations fell drastically to Fl 6m ($3.1m) in the first quarter from Fl 223m a year earlier.

But a Fl 330m book gain from the sale of European defence activities boosted final net income to Fl 336m. Per-share earnings climbed 48 per cent to Fl 1.21 from Fl 0.82.

Philips blamed the sharp decline in normal operations' net income on losses in information systems and in foreign exchange translations, where Fl 80m was lost. "Other business income," which includes proceeds from machinery, for example, also fell drastically to Fl 2m from Fl 55m.

The Dutch company, whose consumer electronics chief, Mr Jan Timmer, will take over as president and management board chairman next year, downgraded its forecast for all 1990. It said it would now be difficult to match the 1989 level of Fl 792m in net income from normal business operations. Previously Philips had said it would exceed that level.

Operating income fell to Fl 450m from Fl 611m as labour costs grew Fl 80m despite having fewer employees. Philips refuses to disclose separate figures for product divisions.

In the electronic components division, integrated circuits' losses narrowed, but that was offset by falling prices for colour TV picture tubes.

The professional products division, which includes information systems, suffered a loss due to information systems and the deconsolidation of defence activities. Provisions are being taken both for restructuring and for downward revaluation of inventories.

Jan Timmer: president-to-be

Operating income in lighting, traditionally the backbone of Philips' earnings, decreased slightly due to lower profitability in the US.

In sharp contrast, operating income in consumer electronics doubled in the first quarter compared with a year earlier. Audio and video cassette recorders did particularly well.

Wider foreign exchange losses were largely blamed for a swing in the gearing adjustment to a Fl 32m charge from a year-earlier Fl 57m gain and for the rise in financial charges to Fl 373m from Fl 360m.

Sales rose to Fl 12.82bn in the January-March period from Fl 12.64bn in the like period of 1989. Lighting sales fell 4 per cent.

If exchange rate movements and changes in consolidations are excluded, total turnover increased 8 per cent. Consumer products sales grew 10 per cent when ignoring exchange rate movements.

Europe, where sales growth was appreciably higher than market growth, accounted for most of the increase in consumer electronics.

In the components division, sales of integrated circuits picked up in the US although prices remained under pressure. Inventories as a percentage of sales improved to 23.3 per cent at the end of March from 25.3 per cent a year earlier.

Stet books earnings rise of 18% to L735bn

By Haig Simonian in Milan

STET, the Italian state telecommunications group which comprises both manufacturing and operating activities, released net earnings which increased by 18 per cent to L735bn ($596m) for last year from L622bn in 1988. The rise was much less marked at consolidated group level with a 5.3 per cent climb to L1,355bn.

The jump in profitability stemmed from a buoyant market and improvements in efficiency, Stet said.

The group, shares in which have witnessed strong demand on the bourse on the basis of the country's heavy telecommunications investment plans, is rewarding shareholders with a scrip issue of one new ordinary or savings share for every four such shares currently held.

The new shares will qualify for the 1989 dividend. As a result, although the dividend is not being raised from last year's L100 for ordinary shares and L120 for saving shares, the overall sum allocated will rise by 25 per cent to L489bn from L391bn in 1988.

The company, which is simultaneously proposing to halve the nominal value of both categories of shares to L1,000 a share from L2,000 at present, said parent company gross profits jumped by 29 per cent to L1,037bn from L803bn in 1988.

Consolidated gross earnings rose by 17 per cent to L2,208bn while group turnover, adjusted for disposals, went up by 12 per cent to L17,727bn.

● Shareholders of Rizzoli-Corriere Della Sera, Italy's second-largest publishing group, on Wednesday approved 1989 results showing higher profit and sales along with a capital increase of L17.4bn, AP-DJ reports.

The capital increase to L174.2bn is for the purchase of a 46.6 per cent stake of Editoriale Fabbri publishing group.

RCS, which is effectively controlled by the Agnelli family of auto tycoons, posted net profit of L86.6bn in 1989, up from L52.1bn a year earlier.

Consolidated group sales rose 8.3 per cent to L1,613bn.

KHD completes reshape and returns to black

By Andrew Fisher in Frankfurt

KHD, the West German engineering company which ran deeply into the red three years ago, yesterday said it had come to the end of its restructuring programme with the sale of its US farm machinery subsidiary and was now making operating profits for the first time in four years.

It has sold the loss-making Deutz-Allis, which it bought in 1985 from Allis-Chalmers of the US and which had a turnover of DM522m ($310m) last year, to its former management and a US financial group in a deal back-dated to December 31 1989.

In addition, BMW, the German car producer, has bought KHD Luftfahrttechnik, an aero-engine company with turnover of nearly DM200m. KHD gave no price for the sales.

KHD, the main products of which are diesel engines and turbines, said it turned in its first positive operating result last year since 1985, with a rise from a loss of DM130m to a profit of DM40m. It expects this to rise further in 1990. After meeting the extraordinary losses associated with the Deutz-Allis sale, its overall 1989 result will be around break-even.

KHD, 125 years old last year, has cut its labour force drastically to help restore its finances and streamline production after making a net loss of DM285m in 1987. This narrowed to DM98m in the following year and compared with a net profit of DM29m in 1986. The problems lay mainly in tractors and farm machinery and in industrial plant.

Yesterday, KHD, which originated with the world's first engine factory in the 1860s, said the way was now free for it to concentrate on its main activities. It is the biggest producer of air-cooled diesels in the world, of which it began regular production in 1944. It has also developed engines which are both fuel-efficient and environmentally clean. The company, based in Cologne, said losses of Deutz-Allis had been reduced from DM136m in 1987 to DM15m last year.

Earnings at Elkem plunge to NKr29m

By Karen Fossli in Oslo

NORWAY'S ELKEM, one of the world's biggest suppliers of ferroalloys and silicon metal, suffered a collapse in first-quarter profits, before extraordinary items, to NKr29m ($4.4m) from NKr431m a year ago.

Group turnover slipped to NKr2.17bn from NKr2.68bn.

Elkem warned that aluminium prices, which were pushed downwards in the first quarter, would remain low in the second period.

At the same time the purchase costs of raw materials were considerably higher in the first three months of this year than during last year. Elkem suggested this trend may continue.

Operating profit plunged to NKr86m in the first quarter from NKr468m last year. Operating costs were reduced to NKr1.99bn from NKr2.09bn.

Net financial earnings fell to NKr64m in the period from NKr83m in the first quarter of 1989. Elkem earned NKr5m on foreign exchange transactions and NKr17m from the sales of securities.

However, the company lost NKr32m on the sale earlier this year of Norblikk, a packaging company.

Elkem forecast increased demand and improved prices in the second half of this year for its main products.

● Saga Petroleum, Norway's largest independent oil company, on Wednesday agreed to purchase a 10 per cent stake in Elkem from Bergesen, the big Norwegian shipping company. The deal increases Saga's stake in Elkem to 12.34 per cent.

ICI sells Spanish stake

SOLVAY, the Belgian chemical concern, said yesterday it had bought the 25 per cent stake in Hispavic of Spain that it did not already own from Imperial Chemical Industries of the UK.

Terms were not disclosed. Solvay declined to provide further details, AP-DJ reports.

Solvay said Hispavic operates a 130,000 tonne a year polyvinyl chloride (PVC) unit at Martorell, near Barcelona.

It is also the major shareholder in Viniclor, a company that makes vinyl chloride, which is necessary for PVC production.

Four European airlines agree on co-operation deal

By Our Financial Staff

SWISSAIR, Austrian Airlines (AUA), Finnair and Scandinavian Airlines System (SAS) have agreed to co-operate in such areas as customer service, marketing, sales and technical fields.

The aim is to offer customers quality service throughout Europe and elsewhere.

The airlines called the agreement, signed in Vienna, the European Quality Alliance. Mr Herbert Papousek, AUA president, said the partnership would not lead to a merger, but rather cement close co-operation.

All four companies have stressed the need for partnerships to compete in the liberalised European air market of the 1990s. The four companies will co-ordinate schedules, and are considering a joint cargo centre in Vienna, as well as check-in collaboration at various airports.

Swissair, Switzerland's shareholder-owned national carrier, already has entered into an array of alliances with such airlines as Delta of the US, SAS, Austrian Airlines, and Singapore Airlines.

The alliance will make the group of airlines the leading conveyor of airline passenger traffic between east and west Europe, according to the announcement.

Cockerill Sambre doubles net profits

By Lucy Kellaway in Brussels

COCKERILL Sambre, the state-controlled Belgian steel company, yesterday announced that its net profits had more than doubled last year from BFr7.2bn to BFr15.4bn ($443m) due to strong demand all round for its products.

The results capped an active year in which the group put to work a new diversification plan and sold some 20 per cent of its shares to the private sector. The company said its profits rise was particularly helped by a recovery at CMI, its mechanical industries subsidiary, which is emerging from two years of rationalisation.

The extent of the profit improvement also owed much to a lower tax charge, lower financing charge and lower exceptional charges, so that the trading profit for the year rose by a more pedestrian 16 per cent to BFr18.3bn.

Although its steel turnover fell, this was due more to a reorganisation of the division rather than to any deterioration in the market, the company said.

In order to reduce its dependence on steel production and distribution, the group has started on an acquisition programme, and last February it bought a majority stake in Ymos, a West Germany car part company.

The turnover for 1989 increased by 7.6 per cent to BFr188bn, while group cash flow rose by 26 per cent to BFr26bn. During the year the company raised BFr7.7bn from the private sector, as a result of which the group's gearing fell from 45 per cent to 10 per cent.

In 1989 the group reorganised its shared interests with Arbed, the Luxembourg steel company – so that Cockerill is now the sole producer and seller of flat products – and merged Phenix Works, its coated steel subsidiary, fully into Cockerill Sambre.

■ Société Générale de Belgique, the big Belgian holding company, hinted yesterday it may sell part of its 87.5 per cent stake in Acec-Union Minière to the public, writes Tim Dickson in Brussels.

The question was aired at an analysts' meeting in Brussels called to discuss the non-ferrous metals group's 1989 results. La Générale said later that "in view of the need to improve liquidity of the shares a more normal level could be 20 per cent to 25 per cent with the public." But it added: "We would only sell if the market conditions were right."

Schering advances 14% but forecasts flat year

SCHERING, the West German chemicals and drugs group, lifted first-quarter group net profit by 13.6 per cent to DM125m ($74m) but repeated its prediction of flat profits in 1990, both in the parent company and in the group, Reuter reports.

Schering noted that a disproportionate amount of its agrichemicals business is included in first-quarter accounts.

"For the full year we expect profits at the group and the parent to be at the high level reached last year," Berlin-based Schering said in a statement. Last month Schering officials said they expected a 5 per cent rise in group sales and flat profits in 1990.

In 1989, Schering's group net profit soared 43 per cent to DM225.9m from DM157m a year earlier. Group sales rose to DM5.85bn from DM5.27bn.

Sales rose 4 per cent to DM1.70bn in the first quarter of 1990, from DM1.64bn in the opening period of 1989. Sales were bolstered by strong volume growth, Schering said.

The growth rate slowed because of the negative effects of weakness in the Japanese yen, US dollar and sterling. Sales would have risen 9 per cent if exchange rates had remained steady, Schering said.

Group pharmaceuticals sales rose 2 per cent to DM747m while sales of agrichemicals rose 13 per cent to DM529m, helped by early demand for pesticide because of a mild winter in Europe. Group turnover in industrial chemicals fell 11 per cent to DM133m.

INTERNATIONAL COMPANIES AND FINANCE

Strategic testing ground for IBM

Ian Rodger, Alan Cane, Roderick Oram and **Louise Kehoe** on the Big Blue in Japan

IBM Japan, the Japanese subsidiary of the giant US computer maker, has published its financial results for 1989, and the figures appear to confirm company executives' hopes that it gained market share as well as raising its sales and profits last year.

Net income jumped 19.7 per cent to Y102bn (US$644m) on sales up 10.5 per cent to Y1,812.6bn.

At a time when IBM's competitiveness in the US and Europe is looking a bit shaky and when the threat around the world from the big Japanese computer makers looks more and more formidable, this result is being welcomed within the company as a significant event. The message is: if IBM can still take on the Japanese companies in their own country, it should be able to recover its strength in other countries.

"We view the Japanese computer companies as our most serious competitors. And we need to compete with them in Japan if we are going to stay in this business," Mr Ed Lucente, president of IBM Asia-Pacific group, says.

The building up of the competitiveness of IBM Japan has been one of the main priorities of the IBM group in recent years. And with reason. Japan is the second largest market in the world for computers.

Moreover, partly because of the level of computer usage is still relatively low in Japan and partly because industrial capital investment there is booming, the market has a growth potential that puts the US and most European countries in the shade. Yet IBM has never had the market dominance there that it has enjoyed in the US and most European countries.

The Japanese subsidiary has also become something of a test ground for new corporate policies. It was in Japan, for example, that IBM, under pressure from its hard-driving Japanese competitors, first shifted its focus from hardware sales to sales of solutions.

And it was in Japan that it first started establishing alliances with other companies to complement its product and marketing strengths. Now these policies are being implemented throughout the corporation.

However, it is still a little premature to suggest that the company is winning the battle against the big Japanese computer makers, NEC, Hitachi, Fujitsu and Toshiba. These companies have enormous resources and have shown that they are willing to sacrifice short-term gains for a long-term victory.

Also, Japan remains a notoriously difficult market to penetrate for foreign companies in high technology industries, although not as bad as it was 30 years ago.

In 1960, the Ministry of International Trade and Industry (MITI) decided that the computer industry was of strategic importance to Japan's future and so domestic companies should be nourished. It negotiated a deal with IBM which, as a condition of allowing the US company to manufacture computers in Japan and repatriate profits, forced it to open up patents to Japanese companies. The number of machines the US company could sell was also severely limited .

Until as recently as five years ago, tariffs on computer imports were high and IBM and other foreign owned computer companies were effectively excluded from bidding on any public sector projects. The public sector in Japan includes educational institutions and utilities as well as national and local governments, which means that IBM was excluded from about 28 per cent of the total market.

Despite their advantages, the Japanese computer manufacturers (JCMs, as IBM people call them), did not progress quickly, and IBM was able to maintain respectable market shares, high margins and a reputation as a dependable supplier for a long time. But in the mid-1970s, the JCMs began to have an impact.

In part, this was due to the decision of Fujitsu, Mitsubishi Electric and Hitachi to introduce big main frame computers that were "plug compatible" with IBM machines. This enabled them to pluck away IBM's customers fairly easily, a practice enhanced, as the world learned in the early 1980s, by outright theft of IBM systems software.

Also, advances in computer technology were causing significant changes in the market. Until then, only large organisations could afford computers, but miniaturisation made it possible to produce low cost but very powerful computers for small organisations as well.

The JCMs, with their national networks of distributors and agents, were much better placed than IBM to develop these markets and, to this day, they maintain better shares there. In 1988, for example, IBM Japan ranked a close second to Fujitsu in the main frame market with a 24.4 per cent share, but in the personal computer market, it stood a dismal fifth with only a 6.5 per cent share.

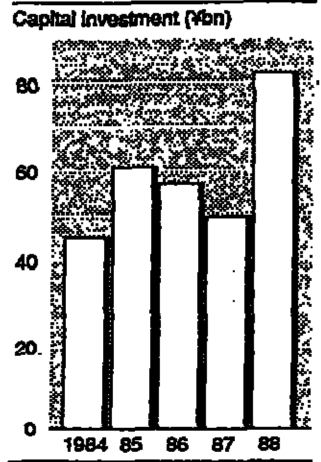
"We were not effective dealing with smaller customers, partly because of lack of products, partly because of a lack of coverage and partly a lack of resources," Mr Lucente says.

Meanwhile, the Japanese companies were also becoming world leaders in key computer components, such as semiconductors, data storage devices and printers. They also gradually developed international competitiveness in important niche products, such as super computers and laptop computers.

Perhaps because of the long time it took the Japanese companies to become competitive, both IBM and other computer industry analysts were lulled into a delusion that they would never succeed. Even in the mid 1980s, the view was widespread in the West that this was one sector where MITI's formidable powers of guidance were not succeeding. Then suddenly, in the last five years, the JCMs have burst out of Japan and established significant beach-

IBM Japan

Capital investment (¥bn)



heads in the US and European markets. In part, they have expanded overseas through establishing their own marketing networks, but also through investments in, and alliances with, foreign companies. For example, NEC has tie-ups with Honeywell and Bull, Fujitsu with Amdahl of the US, Siemens of West Germany and ICL of the UK.

"It has been a very typical Japanese strategy. They do not attack head on but, as in their game of Go, they probe patiently at various weak points until ultimately they completely surround their enemy," one computer industry analyst in Tokyo says.

In the early 1980s, IBM became alarmed about the steady deterioration of its market share in Japan and started applying new policies to improve the competitiveness of its Japanese subsidiary. The first of these, which is now being imitated within the group around the world, involved forming alliances with other companies. Hitherto, IBM's policy had been to be proudly self-sufficient in all things. But in Japan, "it became obvious that to get small customers we had to get small sales outlets. There were none available so we had to make alliances," Mr Lucente says.

Later, the Japanese subsidiary would break new ground by forming alliances to develop new markets. For example, it has set up value added networks (Vans) with a number of Japanese companies. More radically, it has entered into joint ventures to acquire technology, most recently with Toshiba to develop and produce advanced liquid crystal displays.

It has allowed Ricoh to put its own badge on small IBM computers to try and increase market penetration, and it has resorted to outside suppliers for new products when it felt the need to keep pace with Japanese competitors. Last summer, when Toshiba introduced a notebook type laptop computer in the Japanese market, IBM commissioned an outside company to supply one on an OEM basis and brought it out in November.

"Alliances are vital to our strategy. We probably have close to 40 of them in the Asia Pacific region and two thirds of them are in Japan," Mr Lucente says.

The company has just announced that it will move development of low end workstations to Japan because of the close link between many of the components for these devices, such as compact disk data storage units, and for consumer electronic products, in which Japanese makers excel. Fortunately, IBM has an excellent reputation as an employer in Japan, and so, unlike most foreign companies, is able to compete for the best and the brightest university graduates.

The effects of these more open and aggressive policies – and of a huge surge of investment (see chart) – in Japan are beginning to be felt. Sales of personal computers and workstations rose 30 per cent last year.

This is the fifth in a series on IBM, the first four appeared on April 24,25 and 27 and May 2.

Mr Lucente concludes: "I do not feel at all pessimistic. The 1989 results here demonstrate we can do it."

Domestic life assurance services help boost AMP

AUSTRALIAN Mutual Provident Society (AMP), Australia's largest life assurance and investment group, yesterday said it increased total worldwide income to A$10bn (US$7.52m) in 1989 from A$8.2bn in 1988, Reuter reports from Sydney.

Investment income rose to A$5.4bn from A$4.5bn and premium income climbed to A$4.6bn from A$3.7bn.

The results do not include 1989 income of A$3.2bn from Pearl Group of the UK which AMP took over late last year.

Assets under management rose 89 per cent to A$57.6bn and total policyholders' funds increased 91 per cent to A$50.9bn.

The result reflects strong performances of life assurance and superannuation services in Australia and New Zealand, strong investment operations and the introduction of London Life and Pearl to its UK operations.

Total reserves were A$5.4bn against A$4.6bn, or A$13.1bn if Pearl's reserves were included.

NCSC seeks to block Maxwell move for Bell

By Kevin Brown in Sydney

AUSTRALIA'S National Companies and Securities Commission will ask a federal court in Perth today to block the acquisition by Mr Robert Maxwell, the UK newspaper publisher, of a 14.9 per cent stake in Bell Group, the media concern.

The commission's legal attempt to stop the purchase was shifted to Perth yesterday after a federal judge in Melbourne refused to extend a 24-hour injunction granted to the commission on Wednesday preventing completion of the deal.

Mr Justice Ryan ruled that the case should be determined in Western Australia, where Bell Group and Mr Alan Bond's Bond Corporation Holdings, which owns 74.5 per cent of Bell shares, have their headquarters.

The commission said Mr Maxwell had apparently paid for the shares while lawyers were before the court on Wednesday, but the shares had not been registered on his behalf.

Mr Henry Bosch, chairman of the commission, said it would ask the Western Australia court to prevent registration taking place, and to freeze the transaction while it holds an inquiry.

If the court agrees, the commission could eventually issue a declaration of unacceptable acquisition or conduct, and return to court for an order for disposal of the shares.

Mr Maxwell, publisher of Mirror Group Newspapers in the UK, acquired the 48.59m shares for 1 cent each from Mr David Aspinall, managing director of Bell Group.

The commission objects to the sale because it believes the acquisition of the shares by Mr Aspinall a few days earlier was in breach of Australia's takeover code.

Mr Aspinall bought 16.57 per cent of Bell in the market on Friday – part of a 19.9 per cent parcel of shares sold by the State Government Insurance Commission of Western Australia.

The commission says it is "reasonably clear" that that deal was a breach of the code because Mr Aspinall's position as a director of Bell makes him an associate of Bond Corporation Holdings, which was therefore deemed to control the shares.

Under the code, owners of more than 19.9 per cent of shares are prohibited from acquiring more than a further 3 per cent without making a full takeover bid.

Mr Bosch said the commission was "not primarily concerned with Mr Maxwell." However, it was "suspicious and concerned" about the purchase of shares by Mr Aspinall.

"We do not feel that we or the market have been adequately informed, and it is for that reason that we wish to ask some questions. We have started that process, and questions will be addressed to the brokers, to Mr Aspinall, and to representatives of Mr Maxwell," he said.

Mr Maxwell's main target is thought to be entry into the Australian newspaper market through the Bell Group's profitable West Australian newspaper.

However, he would need the approval of the federal government to acquire more than 14.9 per cent of Bell.

NZ watchdog investigates NBC sale of TV3 stake

By Terry Hall in Wellington

THE NEW Zealand Securities Commission is investigating complex arrangements under which National Broadcasting Corporation, the television company owned by General Electric of the US, sold its 16 per cent shareholding in TV3 the same day a receiver was appointed to the New Zealand television company.

NBC's surprise decision to sell is seen as a serious blow to the national television channel which began broadcasting only five months ago in competition with two state owned commercial stations. A receiver was appointed by Westpac, the Australian banking group, on Wednesday to safeguard some NZ$39m (US$22.26) in advances and debentures, and the bank has given a commitment to continue to fund the channel.

It was believed NBC was prepared to increase its shareholding after sending an executive to manage the channel last month. Instead it announced it was calling up several take-out contracts it had signed with founding radio station holding companies Metro Media and South Pacific Travel.

The organising broker, which is half-owned by Westpac, underwrote this and another issue of shares to NBC and may be faced with a bill for NZ$11.8m if the other parties default.

Amcoal profits boosted by buoyant exports

By Philip Gawith in Johannesburg

A BUOYANT export performance, increased contributions from new collieries and improved earnings from cash resources saw Anglo American Coal Corporation (Amcoal) increase operating profit 48 per cent to R459m ($172.6m) in the year ended March 31 1990. Turnover increased 21 per cent to R1.75bn.

Mr Graham Boustred, chairman, forecasts, however, that earnings for the year ahead will, on the current R/$ exchange rate, be largely unchanged. Improved domestic earnings are expected to be offset by lower export earnings.

"An erosion in export profit margins is expected due to further inflationary operating cost increases and the higher railage rates which will not be fully offset by higher US dollar prices," he said. Export tonnage is expected to show only a modest increase.

Mr Boustred noted that in calendar 1989 South Africa exported 46.7m tons of coal, up from 43m tons, earning R3.6bn against R2.8bn.

The improved results have allowed the directors to lift the dividend to 385 cents per share against 300 cents while increasing the dividend cover from 2.2 to 2.7.

GM and Ford blame slide on depressed US market

By Martin Dickson in New York

GENERAL Motors and Ford, the two largest automobile manufacturers in the US, yesterday reported steep drops in first-quarter net income, with Ford down 69 per cent on the same period of last year and GM showing a 54 per cent decline.

Both pinned much of the blame on the depressed market in the US, where production has been cut to bring dealers' supplies into balance with demand. There has been heavy discounting to encourage buyers.

GM reported net income of $710m on sales and revenues of $30.1bn, compared with the $1.55bn earned on sales of $33.2bn in the particularly strong first-quarter of last year.

The group's non-automobile subsidiaries made large contributions to profits, with Electronic Data Systems reporting profits of $110m, Hughes Electronics $183m and GMAC, its finance arm, turning in $336m. Earnings were also helped by actuarial changes relating to pensions.

It said its overseas operations – a mainstay of the automobile side in recent years – continued to produce record profits, while in the US, where GM has been losing market share in recent years, its slice of the market rose.

GM dealers sold 1.24m cars in the US in the quarter, up 1.4 per cent in an overall declining market, while overseas sales were a record 618,000, up 3.4 per cent. Its US passenger market share was 35.9 per cent while that of the truck market 33.8 per cent, both above last year's figures. Its total vehicle market share was 35.2 per cent, up 0.7 per cent.

Ford's earnings dropped to $506m, or $1.10 a share, from the record $1.64bn, or $3.44, recorded in the first quarter of last year. The company said lower vehicle production was mainly to blame. Sales and revenues totalled $23.6bn, down $2.3bn, while factory unit sales dropped 17 per cent to 1.443m.

Ford's worldwide automotive operations earned $315m, down $1.2bn, while in the US earnings were $160m, a decline of $640m, which the company said was caused largely by a 26 per cent drop in production and higher marketing costs. Its share of the US market was 21.8 per cent, down 0.5 per cent from its tally in all of 1989, while that of the truck market held steady at 28.8 per cent.

Mr Red Poling, chairman, said that last year's first-quarter US production had exceeded market demand, leading to a build-up of dealer inventories.

This year, production was lower than demand, reducing dealer inventories to more manageable levels and putting the company in a better position for the rest of the year.

The company's first-quarter earnings from its financial services group were $191m, up $50m, and contributed 42 cents of first-quarter earnings per share.

● Earnings of Ford's 94 per cent-owned Canadian subsidiary tumbled almost two-thirds in the first quarter to C$43.7m, (US$37.43m) or C$5.27 a share, from C$123.5m, or C$14.90, a year earlier. Sales slipped to C$3.47bn from C$4.08bn, writes Bernard Simon.

Australian and New Zealand operations, which come under the wing of the Canadian company, were a particular drag on earnings.

Income from these two countries plunged to C$8.5m from a record C$40.5m, despite a small increase in sales to C$672.4m. Ford said a bigger market share was undercut by unfavourable foreign exchange movements, higher product and marketing costs and an inability to pass these on fully to customers.

Federated decides not to sell top store chain

By Bernard Simon in Toronto

FEDERATED Department Stores, the debt-burdened subsidiary of Canada's Campeau Corp which filed for protection from its creditors earlier this year, has changed its mind about selling its crown jewel, the Bloomingdale's department store chain.

Federated, based in Cincinnati, said yesterday that it has decided to take Bloomingdale's off the block in response to "market circumstances, as well as Federated's own financial status."

Federated indicated earlier this year that offers for Bloomingdale's had not matched its expectations when it put the 17-store chain up for sale last September.

Both the US retail and property markets have weakened since then. The chances of realising a high price were further clouded when owners of several other leading department store chains started looking for buyers.

The original decision to sell Bloomingdale's was taken as part of Federated's efforts to lighten the debt load taken on when it was bought for $6.6bn by Campeau in April 1988. But the pressure to dispose of assets has been eased by January's decision to file for protection under Chapter 11 of US bankruptcy laws.

Federated's new chief executive Mr Allen Questrom and its president Mr James Zimmerman said that "rather than divest Bloomingdale's, we believe the interests of our creditors, customers and employees are better served by retaining Bloomingdale's and aggressively managing this business to take advantage of its future potential."

Analysts estimated that Federated wanted more than US$1bn for Bloomingdale's. Potential buyers included the chain's chairman, Mr Marvin Traub.

A question of division for USX

Martin Dickson on a proposal to break up the US conglomerate

Should America's largest integrated steel company – a business forged at the start of the century by that consummate capitalist J.P. Morgan – simply shrug off its entire steel operations?

That is the contention of Mr Carl Icahn, one of the most successful corporate raiders of the 1980s, who is proposing that USX, the steel and energy group, be broken in two. US Steel, the historic core of the group, would be floated off as a separate business with its own stock market quotation.

And so large is USX – which changed its name from US Steel four years ago – that after the break-up investors would have shares in two companies ranking among the top 100 in the land, rather than just one.

Mr Icahn, who owns 13.3 per cent of the company's equity, declares that the result will be to "unlock substantial shareholder value" – or in plain English, the two businesses are worth more apart than together.

"Unnecessary and unwise," replies the management of USX, which is bitterly opposed to the scheme. Shareholders will have their say next Monday when the matter is put to the vote at the group's annual meeting.

The debate centres on two issues: one is the perennial question of whether diversified businesses belong together, and whether conglomeracy best serves the interests of management or shareholders. The second is the future of the US steel industry after a decade of painful restructuring which has made it more efficient, albeit helped by substantial restraints on imports, but still fragile.

Mr Icahn, who heads Trans World Airlines, has been a thorn in the side of USX's management ever since 1986, when he made some abortive takeover overtures. But he was kept at bay by Mr David Roderick, the company's blunt chairman, who handed over the top position last year to heir apparent, Mr Charles Corry.

Mr Corry was the chief architect of US Steel's 1982 acquisition of Marathon Oil, a large integrated energy company which makes up the bulk of USX's energy business. The deal – at the time the second largest merger in US history – was designed to protect the group against the cyclical nature of the steel business and give it breathing space to restructure.

It was the start of one of the biggest corporate shake-ups of the decade, involving USX in the acquisition of $10bn of assets, mainly in the energy field, the disposal of $7bn as it stripped away peripheral activities and $3.5bn in write-offs as it closed out-dated steel plants.

The results have been impressive. Marathon is a highly regarded business with vast growth potential, while the steel business, which lost more than $2bn in the slump of early 1980s, is generally considered one of the best managed in the US. It has been helped by various factors including a cyclical upswing in demand and import restraints.

Mr Icahn is unimpressed. All this activity, he says, has not been reflected in the USX share price, in part because Wall Street analysts specialise in either energy or steel and thus do not put a correct value on the combined business.

His answer is to distribute at least 80 per cent of US Steel's equity to shareholders in the form of special dividend. He argues that as a stand-alone company the energy business would be worth $39 a share, and US Steel $9 a share, making $48 in all. That is about a third higher than USX's recent market share price.

USX replies that Mr Icahn's arithmetic is faulty, noting that the "independent" consultancy which valued the energy division for him is a member of his float-off campaign, and that he has failed to provide details of his steel valuation, which it reckons is too high.

Carl Icahn: thorn in the side of USX's management since 1986

It also says Mr Icahn has left out of the equation additional costs that would be incurred in a break-up from insurance, tax and administrative charges and the higher cost of raising capital for a stand-alone steel business. Altogether, it says, some $115m a year could be involved. While Mr Icahn says the deal can be done tax efficiently, USX claims it cannot and that huge pensions and medical liabilities would also remain as a contingent liability on the books of USX.

There is no simple answer to these questions and analysts are also divided over the break-up value of the business, with some plumping for a figure in the $30 range and others approaching or exceeding Mr Icahn's figure.

All these doubts, coupled with general approval for the USX management's handling of the restructuring, suggest that Mr Corry is going to win the vote, which in any event is not binding on the company. Some argue that with the steel industry in a cyclical downturn this is not a good time for a spin-off.

There is also suspicion about Mr Icahn's motives, with some suggesting that his real aim is to get the USX management to buy his stock from him at market prices (against the low $20s he paid for it). Mr Icahn denies this and says that if his resolution is adopted and if the company lifts a poison pill stopping him buying many more shares, he intends to spend $800m on additional stock, at prices up to the magic $48 range. If the poison pill goes, he says he is willing to renounce a bid for the company for seven years. Mr Corry replies that he is committed to nothing and is simply trying to buy votes.

The Icahn campaign has won support from shareholders who believe, that at the very least, it will keep up the pressure on management to perform.

Still, with or without Mr Icahn's prodding, USX has already been reducing its exposure to the steel business. Mr W. Bruce Thomas, chief financial officer, says it has considered a public offering of about 20 per cent of the equity of US Steel, but stock market conditions mean so far it has not been able to get a sufficiently high price.

The group has also been setting up joint ventures with Asian manufacturers. Last year it sold its Lorain works in Ohio to a partnership with Kobe Steel of Japan, which it hopes will give it a foothold in Japanese transplant cars factories. Mr Thomas says more joint ventures are likely.

While Mr Icahn may not win next week, his prodding will help maintain the pace of change in the sector, and suggests that other foreign players may be casting an eye over the more interesting of USX's assets.

AIG lifts net profit to $355.7m

By Roderick Oram in New York

AMERICAN International Group has reported a modest increase in first-quarter profits, with increased contributions from both its life and general insurance operations.

Net profits for the three months ended March rose 3.5 per cent to $355.7m, or $2.16 a share, from $343.5m, or $2.08, a year earlier. Revenues advanced 6.5 per cent to $3.7bn from $3.4bn.

The earnings reflected the decision of AIG's operating companies to reduce their involvement in below average businesses. These included personal insurance lines of New Hampshire Insurance and workers' compensation business in several states. About $40m of premiums were affected by the actions.

Overall, AIG's general insurance activities worldwide generated operating profits of $272.3m in the quarter, up 9.4 per cent from $249m.

They wrote premiums worth a net $2.24bn, up 0.2 per cent from a year earlier. Their combined ratio was 99.25, against 98.88. Net investment income rose 11.5 per cent to $250.3m.

Insured losses arising from a freeze in the southeastern US and storms in Europe totalled about $13m which net of tax reduced earnings per share by about 5 cents.

AIG's worldwide life insurance activities turned in operating profits of $108.8m, a 13.9 per cent increase on the previous $95.5m. Premiums increased 4 per cent to $755.7m from $726.5m while investment income rose 18.3 per cent to $220.9m.

The results of both life and general insurance operations abroad were strong in local currency terms. But adverse exchange rate movements reduced their profits by $14m in dollar terms.

Analysts are expecting another year of steady growth from AIG. They are forecasting full-year profits of around $8.95 a share, up from $7.92 last year and $6.52 in 1988.

US mergers and acquisitions fall by 13.2%

By Janet Bush in New York

US MERGERS and acquisitions activity fell 13.2 per cent in the first four months of this year compared with the same period in 1989, largely reflecting a lack of junk bond financing to fuel deals.

Between March and April the number of deals fell by 38.9 per cent, according to IDD Information Services. The number of those valued at more than $100m has also dropped.

The popularity of leveraged buy-outs has dropped sharply, with the number falling 57.1 per cent in the first four months against the same period a year ago. There were only 30 deals, worth $5.1bn, against 70 with a total value of $15.4bn in the first four months of 1989.

In addition, reverse LBOs – or initial public offerings of companies which had previously been taken private in a buy-out – are on the increase.

In the first four months of 1990 there were 11 reverse LBOs valued at $659.1m, compared with 10 totalling $745.m in the whole of last year.

Overseas acquirers have announced offers for 163 US companies, valued at $32.9bn. Britain is the leading foreign investor in the US.

Market welcomes Mexican banks sell-off

By Richard Johns in Mexico City

MEXICO'S stock market yesterday gave a ringing endorsement to President Carlos Salinas de Gortari's decision to privatise the commercial banking system. The index rose 4.6 per cent, the biggest daily increase since shortly before the October 1987 crash, and reached its historical high of 549,660 points.

The decision to sell the Government's majority stakes in 18 commercial banks was made at a meeting of the economic cabinet late on Tuesday night, and its sudden announcement took away the breath of the financial community.

Evidently the Government was partially prompted by the surge in the prices of quoted bank shares in private hands – known as *certificados de aportacion patrimonial* or CAPs – triggered off by the first issue of them by Somex.

Somex was one of five banks with weak balance sheets which did not issue CAPs when the Government permitted commercial banks to place up to 34 per cent of their equity in private hands in February 1987. The 1987 issues redeemed a Government pledge partially to reverse the 1982 expropriation of private banks, and were designed to bolster business confidence.

Those CAPs were mostly pre-placed with banks' employees and executives – and a range of traditional recipients of Government patronage in business and the press – with only a small amount routed through the stock market, largely as a pricing mechanism. The shares were hugely undervalued and in the case of the two largest banks, Banamex and Bancomer, rose 3,000 and 2,000 per cent respectively in less than nine months, before coming down sharply after the October 1987 crash.

Since then there has been a new boom in CAPs, stimulated by the good results achieved in 1989 – when bank profits rose overall by an estimated 24.3 per cent – as well as by the financial deregulation reforms announced at the beginning of this year.

In the first quarter bank shares rose by 78 per cent, easily out-performing the stock market index, which rose 16 per cent. They had been undervalued until this year, but now most bank shares are being traded at well above net book value.

Though it has been known for some time that the Salinas Government wanted eventually to return banking to the private sector, the timing has caused some surprise.

Ministry of Finance officials say that the total net asset value of the banks currently is 11,000bn pesos (nearly $4bn) of which rather more than 70 per cent would currently be owned by the state.

Mr Salinas heads the most pro-business administration to govern Mexico since the late 1940s, and has explicitly tried to sell privatisation to a public reared to expect a strong state role in the economy.

The Government recently announced formally a list of state assets for sale, including Telefonos de Mexico, the telecommunications monopoly, two large state steel companies, and the Cananea copper company. It was assumed a decision on the banks would be postponed until after the July 1991 mid-term elections, when the whole of Congress is renewed.

Noranda to bolster its energy base

By Bernard Simon

TORONTO'S Bronfman family is rearranging its resource interests to give Noranda, the mining and forestry group, a bigger exposure to the energy business.

Noranda has agreed to buy C$250m (US$215.5m) worth of debentures in Norcen Energy Resources of Calgary, convertible into 10m multi-voting common shares from metals producer Westmin Resources.

Westmin will receive Noranda preferred shares with a similar value, convertible into 12.5m common shares. Both Noranda and Westmin are controlled by Brascade Resources, one of the Bronfman holding companies.

Noranda said the purchase, which increases its voting interest in Norcen from 36 per cent to 48 per cent, is a significant step in giving it an energy base as large as its mining and forestry assets.

Earlier this year, a Norcen subsidiary bought most of Westmin's oil and gas assets. Norcen had 1989 earnings of C$110.2m on revenues of C$845m.

● Placer Dome, North America's largest gold producer, plans to sell its US oil and gas assets to Unocal, the US oil group, for US$336m, including $251m cash, plus assumption of debt, writes Robert Gibbens in Montreal.

Placer's cash reserves will now approach C$1bn for investment in the North American and overseas mining sector. It said its second-quarter results would show a significant gain on the deal.

Last year it decided to concentrate on expanding its international mining interests, which besides gold include copper, silver and molybdenum.

Smith Corona plans unchanged dividend

By Roderick Oram

SMITH CORONA, the typewriter maker which is 48 per cent owned by Hanson of the UK, said yesterday it would recommend to its board today that it pays an unchanged quarterly dividend of 15 cents a share.

Fears that it would cut or drop the dividend in light of its dismal results prompted a sharp sale of the stock on Wednesday.

It closed down $¾ at $7, adding further pain to shareholders who had bought the stock at $21 when it was floated last July. It recovered partially yesterday, rising $¼ by early afternoon.

The concern rose after Mr Lee Thompson, Smith Corona's chairman, told an analysts' meeting on Wednesday that it would be inappropriate for him to report ahead of the board meeting what the board might decided.

"My remarks and response regarding the current dividend were obviously misinterpreted or misunderstood," he said yesterday. "Management intends to recommend to our directors... a declaration of a 15 cent dividend." He said "future dividends will naturally be based on the company's performance and cash needs."

INTERNATIONAL CAPITAL MARKETS

Warm reception for EIB Ecu200m fungible issue

By Andrew Freeman

A SERIES of one-off deals emerged on the Eurobond new-issue market yesterday, but traders said there was a *continued lack of direction.* Wednesday's Canadian dollar issue for the World Bank, for example, failed to inspire any follow-through demand.

Banco di Roma was the lead manager of an Ecu200m fungible issue for the European Investment Bank, bringing the 10 per cent bonds maturing in February 1997 to a total of Ecu1bn. The previous deals were launched by Union Bank of Switzerland Phillips & Drew.

The new bonds were priced at 96.61 plus accrued interest, giving a price to investors of 99.14 at a spread of 18 basis points over the 8½ per cent seven-year French government OAT stock. A Banco di Roma official said this was in line with the existing paper.

Dealers said the issue was well-received by a variety of European institutional investors after some initial confusion as to whether the issue was meant to be targeted at Italian accounts. The lead manager was quoting the paper at a premium, but other houses said the bonds were trading comfortably inside fees. The proceeds were unswapped.

Hambros Bank brought an A$100m three-year issue priced at 102 with a 15½ per cent coupon for the Commonwealth Bank of Australia. The deal tapped recent retail demand as *investors sought to re-invest* some redemption proceeds.

The bonds came at what rival syndicate officials said was the correct maturity and coupon, although there was

INTERNATIONAL BONDS

some comment that the issue price was a touch tight.

Hambros was quoting the paper at less 1⅞ bid, a discount equivalent to co-managers' fees. Its decision to charge a ⅛ point *praecipuum* was criticised by underwriters as old-fashioned and unnecessary.

Kidder Peabody ran into similar criticism late in the day when it launched a $200m four-year issue for GECC at an all-in spread of 46 basis points over Treasuries. Dealers said some houses refused their invitations because Kidder chose to charge a 5 cent *praecipuum.* There was speculation that the proceeds were swapped into floating-rate dollars to achieve a funding rate of around 23 basis points below the London interbank offered rate.

Compagnie Bancaire issued a FFr600m three-year deal via Crédit Commercial de France to an average reception. The bonds carried a 10¼ per cent *coupon and were trading just* inside fees at less 1.10 bid.

In West Germany, Merrill Lynch Bank was the lead manager of a DM100m zero-coupon issue for Merrill Lynch & Co. The 10-year bonds were priced at 43.75 to give an annual yield of 9 per cent. Syndicate officials said the paper was trading outside fees in lukewarm demand.

Wednesday's DM200m six-year deal for the National Bank of Hungary rallied slightly after a disappointing opening and was trading around less 2⅞ bid.

In Switzerland, Swiss Bank Corporation brought a SFr100m three-year deal for its Luxembourg subsidiary to a strong reception. The bonds were generously priced with an 8 per cent coupon and were trading ¼ point above the issue price of 100¼ per cent. Dealers described the wider market as patchy, reporting occasional but unsustained demand from the retail sector.

● Samuel Montagu announced that at the completion of its buy-in of the £100m Tesco 10¼ per cent bonds maturing 2015, £5.65m remained outstanding in the market.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
GE Capital Corp.◆(d)	200	9⅝	101⅜	1994	1⅝/1⅛	Kidder Peabody Int.
AUSTRALIAN DOLLARS						
C'wealth Bk.of Australia◆	100	15½	102	1993	1½/1	Hambros Bank
D-MARKS						
Merrill Lynch & Co.◆	100	0	43.75	2000	2½/1½	Merrill Lynch Bank AG
SWISS FRANCS						
Swiss Bank Corp.Lux.◆	100	8	100¼	1993	n/a	SBC
FRENCH FRANCS						
Compagnie Bancaire◆(a)	600	10¼	101.10	1993	1⅛	CCF
ECU						
EIB◆(c)	200	10	(b)	1997	30/20	Banco Di Roma

◆Final terms. a)Payment date 8/6/90, long first coupon. b)96.61 plus 2.53% accrued interest. c)Payment date 15/5/90. Fungible with existing Ecu 800m deal. d)Payment date 17/5/90, short first coupon.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on May 3

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 8⅝ 96	750	94⅜	94⅝	+0¼	+0⅛	9.78
Alberta 9⅞ 95	600	98¼	98⅝	0	-0⅛	9.74
Austria 9⅝ 93	140	99¾	100⅛	0	-0⅛	9.61
B.F.C.E. 8⅜ 94	175	†95¼	95¾	+0⅛	0	9.68
B.F.C.E. 9¼ 95	150	97½	98	0	-0⅜	9.77
Brit. Tel. Fin. 9⅞ 98	250	†97¼	97¾	+0⅛	0	9.80
Canada 9 96	1000	97¾	98¼	+0⅛	-0¼	9.45
C.C.C.E 9¼ 95	300	98	98½	+0⅛	0	9.70
Cr.Local France 8⅞ 99	250	93¼	93¾	+0¼	+0⅛	9.72
Credit National 7⅞ 92	100	96⅜	96⅝	0	+0⅛	9.39
Credit National 9½ 92	160	†99¼	99¾	0	-0¼	9.68
Denmark 8¼ 94	150	†94⅝	95⅛	+0⅛	+0¼	9.74
E.E.C. 7 91	100	96⅞	96⅞	+0¼	+0⅛	9.33
E.E.C. 10 93	140	†100½	100⅞	-0⅛	-0⅜	9.73
E.I.B. 8½ 99	150	91⅝	92⅛	+0¼	-0⅛	9.83
Eurofima 10⅛ 93	100	†101¼	101½	0	-0⅛	9.59
Elec. De France 9½ 99	200	†98	98½	+0⅛	+0¼	9.79
Euro.Credit Card Tst.9 95	750	96⅛	96⅝	0	-0¼	9.97
Finland 9 96	250	96¼	96¾	0	-0¼	9.75
Finn.Exp.Cd. 8½ 92	200	98	98½	+0⅛	-0⅛	9.54
Finn. Exp. Cd. 9⅞ 95	200	†98⅛	98½	0	-0⅛	9.78
Ford Motor Credit 8 91	250	†98¾	99¼	+0⅛	0	0.09
G.E.C.C. 10½ 91	300	100½	101⅛	0	-0¼	0.10
G.M.A.C. 8¼ 94	500	†95½	96	+0⅛	+0⅛	9.92
G.M.A.C. 9 96	300	95½	96	+0⅛	0	9.93
Gen.Mtrs.Corp. 9⅛ 92	200	†98¾	99¼	+0⅛	0	9.61
Honda 9⅝ 97	300	97⅜	97⅞	+0¼	-0⅛	10.11
IBM Credit Corp. 8⅝ 92	400	97⅞	98⅜	+0⅛	-0⅛	9.45
IBM Credit Corp. 8⅞ 91	250	†98½	99	0	0	9.74
IBM Credit Corp. 9 92	250	98¾	99⅜	0	0	9.49
IBM Credit Corp. 9½ 92	250	99⅝	100⅛	0	0	9.54
Italy 8½ 94	1500	95¼	95¾	0	-0¼	9.76
Italy 9½ 95	1000	98⅝	99⅛	0	-0⅛	9.75
Italy 9⅝ 99	1000	98¼	98¾	+0⅛	0	9.88
Itoh C. W/W 4⅝ 94	1000	*95½	96½	0	+2¼	5.73
Japan Dev. Bank 10 96	200	†100½	101	0	-0⅜	9.82
KFW Intl. Fin. 9 94	300	97¼	97¾	+0⅛	-0⅜	9.70
L.T.C.B.of Japan 8¾ 96	200	93¾	94¼	+0⅛	-0⅛	10.06
L.T.C.B.of Japan 9¼ 92	200	†98¼	98¾	0	-0⅛	9.90
New Zealand 9 94	850	96⅝	97	0	-0¼	9.97
Nippon Tel.&Tel. 8½ 96	200	93½	94	+0¼	0	9.81
Nippon Tel.&Tel. 9⅞ 98	250	96⅞	97⅜	0	-0⅝	9.87
Norway 8¾ 93	500	†97¾	98¼	0	-0¼	9.57
Oesters Kontbk. 9¼ 94	350	†98½	99	+0⅛	-0⅛	9.59
Sumitomo Corp. W/W 4 93	1500	*†101	101½	0	0	3.57
Sweden 8¾ 96	200	95⅝	96⅛	+0⅛	-0⅛	9.69
Toyota Mtr.Corp. W/W 4 93	1500	*99⅝	100⅛	0	+1⅛	4.04
Victorian Rep 11⅝ 92	150	102¾	103¼	+0⅛	-0⅛	9.89
Union Bk. Switz. 9⅛ 02	225	93⅝	94⅛	+0⅛	-0¼	10.02
World Bank 8⅜ 99	1500	93⅛	93⅝	+0¼	+0⅛	9.12
World Bank 9 97	300	†96⅞	97⅜	+0⅜	+0⅛	9.55
World Bank 9 93	300	98⅝	99⅛	0	-0⅛	9.40
World Bank 9¼ 98	300	†96⅞	97⅜	+0⅜	+0⅛	9.74
World Bank 9⅝ 99	500	98⅞	99¼	+0⅛	-0⅛	9.76

Average price change... On day +0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. BK. 6 94	200	87⅞	88½	-0⅛	-0¼	9.25
Austria 6¾ 99	750	85⅞	86¼	+0⅛	-0⅛	9.10
Bk.Frgn.Econ.USSR 7 96	750	†87½	88½	-0½	-1	9.76
Bank of Tokyo 5¾ 93	100	90½	91	0	-1¼	9.63
Commerzbank o/s. 5⅞ 93	300	90½	91	+0⅛	-0½	9.41
Credit Foncier 6¾ 99	500	†85¼	85¾	0	-1	9.20
E.I.B. 6¼ 99	600	82⅝	83	+0⅛	-0⅛	9.20
E.I.B. 6½ 99	300	83¾	84½	+0⅛	-0⅛	9.19
E.I.B. 6⅝ 96	600	88¼	88⅞	-0¼	-2	9.22
E.I.B. 6⅞ 95	300	90	90⅜	-0⅛	-0⅛	9.15
E.I.B. 8 2000	500	95¼	95⅝	0	-0⅛	8.71
Euro.Coal& Steel 7¼ 94	100	†95½	96	0	-0⅛	8.89
Eurofima 6¼ 96	100	85⅞	86⅝	0	-1¼	9.28
Elec De France 5¾ 97	300	81½	82⅛	-0⅛	-1⅛	9.34
Hydro-Quebec 6¾ 99	300	84⅞	85½	+0⅛	-1⅛	9.27
Japan Dev. Bk. 5⅞ 95	300	85	85⅜	0	-0⅛	9.16
Japan Finance 5¾ 97	100	82⅞	83⅛	0	-0¼	9.28
I.A.D.B. 7¼ 99	300	88⅜	89	0	-0¼	9.11
Ireland 6½ 97	300	86¼	86¾	0	+0¼	9.20
Ireland 7¼ 99	500	87½	88¼	0	-0⅜	9.27
Malaysia 6¼ 94	150	88⅞	89⅞	0	0	9.64
Nat. West BK. PLC 6 98	300	81⅞	82⅛	0	0	9.34
Nippon Telg.&Tel. 6 95	400	86¼	86⅞	0	-0½	9.37
Oesters. Kontbk. 5 93	300	89⅞	90½	+0¼	-0⅜	9.16
Portugal 5¾ 92	150	93⅛	93¾	-0⅛	+0⅜	9.11
Portugal 6⅜ 95	150	88⅞	89⅝	0	-0¼	9.29
Royal Insurance 5½ 92	300	93⅛	93⅝	+0⅛	-0⅛	9.39
Turkey 6½ 95	500	87¼	88	0	+0¼	9.73
Union Bk.Finland 5½ 94	200	88	88¼	-0⅜	0	9.33
World Bank 6 98	500	81⅛	81¾	0	-0½	9.26
World Bank. 6¼ 97	600	84⅜	84⅞	0	-0⅝	9.26
World Bank 6¾ 99	600	85¼	85⅝	0	-0¼	9.15

Average price change... On day 0 on week -0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†83	84	-0⅛	-0½	8.51
Asfinag 5 03	100	†80	80½	-0¼	+0¼	7.38
B.F.C.E. 4½ 98	200	†84	84½	+0⅜	+0⅜	7.10
B.M.W.Fin.Neth. 5 13	150	†73½	74	-0¾	-0¼	7.41
Britannia B/S. 4¼ 94	100	†85½	86	-0¾	0	8.50
CIR. Int. W/W 3 93	125	†79	79¼	-5⅛	-5¼	11.06
Credit Lyonnais 4¾ 00	100	†78	79	-0⅛	+0⅜	7.93
E.I.B 4⅝ 98	150	†82	82½	+0¼	+0¼	7.63
Finn. Exp. Cd. 8¼ 92	75	†97½	99	+0¼	+2	9.04
Fletcher Chall. 4⅞ 98	150	†75¼	76	0	-0⅛	9.30
I.A.D.B. 6 2004	200	†85¾	86¼	+0⅜	+0½	7.63
Kobe City 4⅝ 98	150	†81½	82	0	-0½	7.71
Leeds Perm. B/S. 4⅛ 93	200	†88½	89½	+1⅜	+3⅜	8.49
Malaysia 5¼ 98	100	†79	79¼	+2	+1⅞	8.95
Maxwell Comm.Crp. 5 98	150	†80½	81¼	+0⅛	-0⅛	9.94
Nat.Bk. Hungary 5½ 94	75	†82	84	-0½	-0½	10.28
Nationwide Ang.B/S. 4 93	200	†86¾	87	0	0	9.00
Prov. Newfoundland 5 03	150	†77½	78½	0	0	7.65
Thailand 4⅝ 95	200	†82	84	+0⅞	-4	8.84
World Bank 5 03	150	†78½	79	-0¼	-1¼	7.59

Average price change... On day 0 on week -0¼

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 5⅜ 93	80	95⅜	95⅝	+0⅛	-0¼	7.22
Cr.Local France 6¼ 94	300	95⅝	95⅞	+0⅛	+0⅛	6.65
Denmark 6¼ 95	300	95½	95¾	+0⅛	+0⅛	6.66
Denmark 7 95	400	98⅞	99⅛	+0¼	+0¼	7.24
E.I.B. 4⅞ 93	30	94	94¼	+0⅛	0	7.23
Norway 5⅛ 95	50	91⅞	92⅛	+0⅛	+0¼	7.10
Sweden 4⅝ 93	50	92⅞	93⅛	+0¼	+0⅛	7.28
World Bank 5⅛ 98	10	86⅞	87⅜	+0⅛	-0⅛	7.33
World Bank 7 94	20	99⅝	100⅛	+0⅛	+0⅜	7.04

Average price change... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 10¼ 94 C$	150	89	89⅜	-0⅛	-0½	13.71
Abbey Nat. 11⅝ 93 £	100	92¼	92¾	-0⅛	-0⅛	15.08
Aegon 7¾ 92 FL	100	97⅞	98⅜	-0⅜	-0⅜	8.07
Alg. Bk. Ned. 5¾ 93 FL	200	91⅞	92	0	+0⅛	9.19
Austria 7½ 94 ECU	100	89⅞	90⅜	0	-0⅛	10.72
Barclays Aus.13½ 91 A$	100	97¾	98⅜	0	-0⅛	14.94
Bell Canada 10⅞ 04 C$	200	86⅛	86¾	-0½	-1	12.96
BP Capital 9⅞ 93 £	100	88	88½	+0⅛	-0½	14.96
British Airways 10 98 £	100	79⅛	79½	-0⅛	-0⅝	14.60
Brit. Telecom 9½ 93 £	150	87½	88¼	0	-0⅛	14.99
Comm.Bk.Aust. 12⅝ 93A$	100	†94⅜	94⅞	-0½	-0¾	14.92
Comm.Bk.Aus.13¾ 94 NZ$	60	100⅞	101⅞	-0⅜	-0⅜	13.25
Credit Foncier 9 96 Ecu	100	91⅞	92⅜	0	-0⅜	10.80
CreditFoncier 9⅞ 99Ecu	150	91⅞	92⅜	0	-0⅛	10.65
CrLocalFran.10¼ 95 Ecu	225	98¼	98¾	0	-0⅜	10.64
Deut.Bk.Aus. 13⅛ 93 A$	125	97½	98⅛	-0⅛	-0⅜	14.14
Deutsche Bk.Fin. 15 94 A$	100	102	102⅜	-0¼	-0½	14.26
Elec.De France 9¾ 99C$	150	82⅝	83⅛	-0⅝	-1¼	12.99
E.I.B. 7 96 LFr	100	†89	90	0	-0¼	9.44
E.I.B. 7⅛ 99 FL	150	87½	88	0	-0½	9.12
E.I.B. 9 99 Ecu	150	90⅜	91	-0⅛	-0⅝	10.67
E.I.B. 10 97 Ecu	800	96½	96¾	0	-0½	10.71
Eurofima 7⅝ 94 Ecu	100	91	91½	+0⅛	-0⅜	10.55
Fed.Bus.Dv.Bk.9¾ 92 C$	75	†93	93½	-0¼	-0¼	13.65
Ford Cr.Can.10¼ 93 C$	100	†93¼	93¾	-0¼	-0¼	13.66
Ford Cred.Can.10⅞ 96C$	125	89¾	90¼	0	-0⅜	13.43
Ford Cred.Fund.10¼ 93£	60	88⅜	89⅛	+0⅛	0	14.96
G.M.A.C.Canada 11 3/494C$	100	94½	95¼	-0⅛	-0⅜	13.54
Heineken 7⅝ 94 FL	150	95¾	96⅛	0	-0⅜	8.13
Hydro-Quebec 11 99 C$	400	89⅜	89⅞	-0¼	-0⅝	13.06
Lloyds Bank 10¼ 98 £	150	79⅞	80⅜	+0¼	+0¼	14.65
Lloyds Bank 11⅜ 98 £	100	83⅞	84½	0	-1⅞	14.70
Nat. Aus. Bk. 14⅛ 94A$	100	99	99⅜	-0⅜	-0½	15.01
New Zealand 9½ 93 £	100	87¾	88⅛	+0⅜	+0⅜	14.75
O.E.K.B. 10¼ 99 C$	150	†85½	86	-0⅜	-1	12.96
Royal Bk.Scot.10⅝ 98 £	125	81⅞	82⅜	+0¼	-0¼	14.62
Saskatchewan 10¼ 93 C$	200	91⅜	91⅞	-0¼	-0⅛	13.32
State Bk.NSW. 13⅞ 93A$	100	97⅜	97⅞	0	-0¼	14.69
Sweden 7½ 93 Ecu	250	91⅜	91⅞	0	-0⅛	10.42
Sweden 15 94 A$	100	102¼	102½	-0¼	-0¼	14.17
Toyota Mtr.Cr.10⅜ 94C$	150	89⅝	90⅛	0	-0½	13.44
Toyota Mtr.Cr.11⅜ 92C$	150	96¼	96¾	+0⅛	+0⅛	13.40
World Bank 7⅛ 99 FL	300	87⅝	88⅛	0	-0⅜	9.14
World Bank 9½ 95 Ecu	100	96⅛	96⅝	0	-0⅛	10.49
World Bank 10⅞ 94 £	200	89	89⅜	+0¼	-0⅛	14.40
World Bank 13¼ 92 A$	100	98⅛	98½	-0⅛	0	14.26
World Bank 14¼ 94 A$	75	99	99½	+0⅛	+0¼	14.43
Zentrspk. 13¼ 93 A$	75	†98	98½	+0⅛	-0½	13.85

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.87	99.92	24/07	15.33
Bank of Greece 99 US	†0¼	98.37	98.62	8/09	8¾
Belgium 91 US	0	99.77	99.87	21/08	8.32
Chelt. & Gloucester 94 £	.063	99.75	99.80	31/05	15¼
Credit Foncier 98 US	.063	99.56	99.74	20/10	8.44
Dresdner Finance 99 DM	†.031	100.18	100.28	30/07	8.81
EEC 3 92 DM	†0	100.54	100.64	21/08	9
Halifax BS 94 £	.1	100.01	100.06	9/05	15.22
Invt. In Industry 94 £	0¼	99.92	100.00	17/07	15.37
Leeds Perm. B/S. 94 £	0⅛	100.06	100.11	17/07	15.37
Milk Mkt.Brd. 5 93 £	0⅛	99.87	99.93	29/06	15.31
New Zealand 5 97 £	.07	99.95	100.05	22/05	15.06
Northern Rock 92 £	0½	99.81	99.86	30/07	15.44
State Bk. Nsw. 98 US	.188	99.37	99.62	14/08	8.56
Woolwich Equit. BS. 93 £	0⅛	100.02	100.07	17/07	15.37
Woolwich 5 95 £	0⅛	99.92	99.97	22/05	15¼

Average price change... On day -0.01 on week -0.02

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	107¼	108¼	+0⅛	7.32
Amer. Brands 5¾ 05 US	4/90	79.	98¾	99¾	0	22.74
Asda 4⅛ 02 £	3/87	1.64	100⅝	101⅝	+0¼	74.57
Bank of Tokyo 3¾ 04 US	3/89	1772.	67½	68½	0	7.12
CBS. Inc. 5 02 US	4/87	200.	97⅞	98⅞	+0⅜	8.03
Dai-Ichi Kan. 3⅞ 04 US	7/89	3486.	71¼	72¼	+0¼	17.89
Daiwa Bank 3¼ 95 US	2/90	1628.	88⅝	89⅝	+0⅛	4.77
Primerica 5⅛ 02 US	4/87	66.75	71	72	0	58.40
Eng.China Clay 6½ 03 £	9/88	4.8	75⅞	76⅞	0	3.27
G.M.K. 7½ 2000 US	2/90	1.37	75¼	76¼	-0¼	80.11
Ladbroke Grp. 5¼ 04 £	6/89	3.55	92¼	93¼	-0¼	21.26
Land Secs. 6¾ 02 £	6/87	6.72	75⅝	76⅝	+0¼	10.01
Minolta Camera 2¼ 94DM	2/86	1004.	93¼	94¼	+0⅞	13.58
MCA INC 5½ 02 US	†9/87	69.62	93	94	+0½	14.45
Mitsubishi Bk. 3½ 04US	5/89	3266.	69¼	70¼	0	19.92
Next Plc 5¾ 03 £	11/87	4.3	95¾	96¾	0	567.54
Omnicom Inc. 6 1/2% 04 US	7/89	28.	101¼	102¼	0	24.37
Ranks Hovis 4⅞ 03 £	†1/88	3.5	104	105	-0¼	-0.07
Redland 7¼ 02 £	1/87	5.4	99¼	100¼	-0½	-2.72
Saatchi&Saatchi 6¾ 03 £	†10/89	4.41	62	62½	+0¼	192.86
Sanwa Bank 1¼ 02 US	10/87	2767.	72¼	74¼	+0¼	6.95
Sumitomo Bank 3½ 04 US	2/89	3897.	65	66	-0¼	22.94
Texas Inst. 2¾ 02 US	9/87	82.87	74½	75½	+0¼	79.86
Utd.Newspapers 8 04 £	†10/89	8.77	124	125	+0½	249.76
W.R. Grace 6¼ 02 US	9/87	42.12	82¼	83¼	-0¼	29.49

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

$INS2; Line BONDSIN Truncation occurred. Story '#68389'.

Exchanges study links to cover breakdowns

THE New York Stock Exchange (NYSE) and the American Stock Exchange (Amex) are jointly exploring technology that would link the two markets in the event of a facilities breakdown, agencies report.

The two exchanges and other US counterparts came to the aid of the Pacific Stock Exchange when the San Francisco earthquake shut down floor operations there for two days last summer.

"We've just started exploring possibilities with the Amex," said Mr Joel Beier, NYSE vice president, equity systems. He said the exchanges began discussions on an informal basis after the earthquake and as a result of a fire which affected NYSE operations, delaying the opening of trading at the exchange last year.

Mr Nicholas Giordano, president of the Philadelphia Stock Exchange, said that while the five US equity exchanges had back-up communications, none had a ready back-up for trading floors.

"All of us are very fearful that a disaster is going to occur at one of our exchanges," Mr Giordano added.

Brokers offer fee cut in return for electronic links

WEST GERMANY'S official securities brokers are willing to cut commission fees by 25 per cent to 0.6 per cent, on condition that they be allowed membership of a computerised trading system, Reuter reports.

The West German Association of Brokers said it would ask *members to approve the* measure early next week.

The commission reduction would be carried out only if brokers were integrated into a computerised trading system, and if all West German bourses had an equal chance within such a system.

The brokers also said there should be no change in longer bourse trading hours, implemented in January.

Last December West German securities brokers set up a computerised price information system, Matis, to compete with Ibis, a price-quote system set up by commercial bankers.

Unofficial brokers have since created a third system, Midas. Talks are under way to merge the three systems to increase liquidity in the market.

The Frankfurt Stock Exchange caused a storm of criticism from West Germany's seven other regional bourses and the brokers when it announced its intention to take over Ibis.

S&P lowers Westpac rating

STANDARD & POOR'S, the US credit-rating agency, has downgraded its senior long-term debt ratings on Westpac Banking, the big Australian bank, to AA- from AA, AP-DJ reports.

It has also reduced the subordinated debt ratings of the bank and its Westpac International Finance unit, to A+ from AA-; and on the bank's US$500m of junior subordinated debt and its US$200m in preference stock, to A from A+.

Westpac Banking's certificate of deposit rating is also reduced, to AA-/A1+ from AA/A1+ The A1+ ratings on commercial paper issued by the bank and Westpac Capital are affirmed. About US$4.4bn of long-term debt is affected, according to S&P.

The agency said: "The downgrade reflects increased risk in the bank's domestic and foreign loan *portfolios and lower* overall profitability."

Asset quality indicators have declined since early 1989 as a result of increased problems among exposures to many of Australia's more highly leveraged companies and in the domestic commercial property sector.

INTERNATIONAL CAPITAL MARKETS

US yields slip below 9% ahead of employment data

By Roderick Oram in New York and Deborah Hargreaves in London

IN QUIET trading ahead of today's US employment figures, prices of Treasuries edged ahead, pushing the yield on the benchmark 30-year bond back below 9 per cent.

The market gained some encouragement from the growing feeling that Japanese investors would participate fully in next week's quarterly refunding. The Treasury is seeking a record $30.5bn in three-year, 10-year and 30-year securities, but the volume, announced on Wednesday, was in line with forecasts.

GOVERNMENT BONDS

The price of the benchmark long bond rose ⅛ to 95$\frac{1}{16}$ by early afternoon, yielding 8.97 per cent. The shorter end of maturities showed smaller improvements. The bond equivalent yield of three-month Treasury bills, for example, eased three basis points to 8.12 per cent.

Despite continuing weakness of the Fed funds rate at 8¼ per cent, the Federal Reserve did not enter the market. Analysts believe the funds rate is distorted by factors at the end of the statement period and it remains within the Fed's current target range of around 8¼ per cent.

The next test for the markets is this morning's employment data. Analysts are forecasting creation of about 385,000 new jobs in April, a hefty number inflated by the hiring of 211,000 census workers.

The figures are important both for the glimpse they will give of the direction of the economy last month, and for how the Federal Reserve responds.

With the refunding beginning next Tuesday, the Fed has only tomorrow or Monday if it wants to fine tune its monetary policy, most likely by a fractional tightening that could push up short-term rates by about 25 basis points.

■ UK GILTS were firmer yesterday in a market driven largely by technical factors, with the real investors waiting in the wings to see the results of yesterday's UK local authority elections.

The market opened almost half a point firmer as futures traders rushed to cover short positions, and it then edged upwards in fairly choppy futures trading. The long gilt futures contract on the London International Financial Futures Exchange saw a brisk day, with some 27,000 lots changing hands.

A benchmark 11¾ per cent gilt issue maturing in 2003/07 rose to 95$\frac{11}{32}$ on the cash market after it closed on Wednesday at a level of 94$\frac{23}{32}$. However, cash market trading was extremely thin and it took only a little buying to push up prices.

■ THE GERMAN market was firmer yesterday as some retail buying squeezed prices upwards on a strong day for the bund futures contract. Figures released yesterday showed German industrial output dropping by 0.7 per cent in March, which gave the bund market some confidence that its inflation fears may be overstated.

In addition, the market has already largely discounted most of the inflationary news to emerge from talks on German monetary union, and some traders hope to see some strength returning to bunds.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		10.000	4/93	91-04	+14/32	13.75	13.69	13.30
		10.500	5/99	87-04	+23/32	12.96	13.06	12.36
		9.000	10/08	79-09	36/32	11.77	11.94	11.36
US TREASURY *		8.500	02/00	96-17	+06/32	9.04	9.06	8.62
		8.500	02/20	94-28	+12/32	8.99	9.04	8.62
JAPAN	No 119	4.800	6/99	85.7801	+0.003	7.41	7.34	7.28
	No 2	5.700	3/07	89.1117	+0.001	7.12	7.11	7.30
GERMANY		7.750	02/00	93.1500	+0.350	8.81	8.79	8.44
FRANCE	BTAN	9.000	02/95	96.4946	+0.180	9.93	9.92	10.08
	OAT	8.500	03/00	92.8000	+0.230	9.85	9.80	9.57
CANADA *		9.750	06/00	88.7000	+0.350	11.70	11.60	11.20
NETHERLANDS		7.750	01/00	91.6800	+0.330	9.06	9.01	8.67
AUSTRALIA		12.000	7/99	91.3718	-0.144	13.66	13.70	13.56

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

SocGen to close Bahrain offshore unit

SOCIETE GENERALE, the big French bank, will close its offshore banking unit in Bahrain at the end of next month, AP-DJ reports.

The closure is the most significant departure from Bahrain's offshore banking community since the Paris-based Banque Arabe & Internationale d'Investissement (BAII) surrendered its license last year.

SocGen employs about 30 people at its Bahrain subsidiary and had built up total assets of around $1bn. The bank was active in the offshore Saudi Riyal deposit market.

SocGen said its offshore banking unit would cease operations from July 1. But the bank said it would maintain a presence in the region with its existing representative office in Bahrain.

In the early 1980s, close to 80 international banks held licenses on the island. After the slide in oil prices during the mid-1980s, there was a rash of departures which brought the numbers down to around 60 offshore units by the end of last year.

The pace of departures has slackened recently, though many bankers still say the island is over-banked.

Foreign bankers say the Arab banks are now able to take on much of the good lending opportunities in the region.

Telefonica set to allow more foreign ownership

By Tom Burns in Madrid

TELEFONICA, the Spanish telecommunications group which obtained a New York listing three years ago, is likely to make use of new regulations to circumvent a current ceiling of 25 per cent on foreign ownership of the company's equity.

The development comes amid indications that foreign ownership of Telefonica has already passed the ceiling and could be about 27.8 per cent. Major holders of Telefonica American depositary receipts include Fidelity Investments, Wellington Management and Delaware Management.

Telefonica said yesterday that the regulations, which are due to be published shortly, will allow the company to offer preferential "B" shares to foreign institutional investors.

The legislation introduces non-voting shares to Spanish companies. The preferential "B" shares have safeguards for investors should a company face financial difficulties.

The "B" shares are viewed as tailor-made for corporations, such as Telefonica, which are active in the international market but have limitations on foreign ownership because they are viewed as belonging to "strategic" sectors.

It is believed that ownership of non-voting shares will not be subject to such limitations.

Telefonica is 35 per cent-owned by the Spanish Government. The 25 per cent ceiling on non-Spanish equity holdings was built into a telecommunications ownership law that was approved by Madrid in 1987.

Finland may tax share issues

FINLAND is considering introducing a 1 per cent tax on share issues, in line with EC plans to harmonise taxation of securities, Reuter reports.

The Finance Ministry said that a working party had suggested ways of aligning various Finnish stamp duties and had presented its report to the tax ministry.

Bund futures force pace of change

Derivatives trading is hitting the West German bond market hard, report Katharine Campbell and Deborah Hargreaves

WITH world bond markets oscillating wildly, trading in German bund futures on the London International Financial Futures Exchange (Liffe) has at times this year reached a frenzy of activity.

Contract volume by value has often soared to around £10bn ($16bn) a day as the mass of 200 gesticulating brokers crammed into the bund trading arena in London have reacted as quickly to the latest news on German unification as any Berlin politician.

And the intense interest in bund futures in London has helped haul the German cash market in bonds into the 20th century.

The introduction of bund futures in London proved a catalyst for the rapid development of cash trading in the German bond market which as recently as two years ago was little more than a domestic backwater.

It was the prime vehicle for international investors wishing to buy German domestic fixed-income securities, but turnover volume was relatively small, dealing spreads were too wide and distribution methods archaic.

When Liffe moved swiftly to launch its bund contract, the Frankfurt market balked at a product it felt should trade in Germany. However, the Deutsche Terminbörse, Frankfurt's computerised futures exchange, had to overcome restrictive German gambling laws before it could start up in January.

By then, Liffe's contract had established itself as a liquid market and Frankfurt will have a struggle to wrest business back when its futures contract is launched in August.

It is a sensitive issue that the seesaw of emotion stemming from German monetary union is being reflected in the fast-moving trading pits of London rather than Frankfurt. But futures have made the market a little too lively for some used to the cosy ways of doing business. A central banker in Hamburg has said: "We're losing interest in the bund future because we feel we cannot control the market any more."

The sensitivity between London and Frankfurt was highlighted in February following a steep plunge in bund prices. The Bundesbank was rumoured to have asked Liffe to halt trading in the contract in a bid for calm. The bank roundly denied the rumour, but its ambivalence to the futures contract is widely felt among market users.

Although the futures contract has been associated with a period of volatile trading, it has not at a stroke inured the cash market against its old ways. The cash market is still a fickle instrument, notably in the weeks of near-illiquidity since the market crashed in mid-February.

German bund future Contract volume	
April, 1990	717,000
March	934,000
February	1,167,000
January	985,000
December, 1989	355,000
November	830,000
October	710,000
September	548,000
August	502,000
July	350,000

The advent of a futures contract was never going to be enough in itself to modernise an antediluvian structure overnight. In fact, much business that would have made its way to the cash market has gone into futures, leaving cash bunds that are not deliverable against the futures contract largely illiquid.

Other factors, notably the abolition of the debt consortium (on its way out with the last three auction-style issues) and a more lively federal borrowing programme will be more important – even if the bund future was the first, and probably central, step that facilitated the other moves.

Several factors have held back the development of the cash market, particularly the ambiguous position of the German banks which are active in the cash market but have been cautious about using futures.

One broker prominent on Liffe is adamant that London is able to move prices in a bund futures pit in a way not normally expected in a mature market. "In other successful markets the biggest players in the cash market also generally maintain the largest presence in the associated futures product, so that you don't get this argument about the tail wagging the dog."

One Frankfurt observer says that bund traders are often observed driving futures prices down hard in a blatant search for liquidity in the cash market. At a certain level (the current target is the price that is created with a 9 per cent yield on bund paper) the domestic institutions are known to be reliable buyers for their web of retail customers.

Nevertheless, the futures contract's value as a force for change in the German money market as a whole should not be underestimated. Many money market instruments that are common currency in many countries such as commercial paper, floating rate notes and certificates of deposit are under-developed in Germany.

The futures contract has catalysed an evolutionary process that had already begun.

The introduction of bund futures in London proved a catalyst for the rapid development of cash trading in the German bond market, which as recently as two years ago was little more than a domestic backwater

One of its important achievements has been to push the nascent bond borrowing or repurchase market in Germany. This market has been developed eagerly by the experienced US investment banks and brokerage houses used to the facility at home.

Domestic bond buyers have remained cautious about getting involved in the repurchase market, even though it can mean an increase in the income on their bond holdings. But international clients have become so familiar with the process that they were moving from lending specific issues of bonds into general collateral repurchase agreements which involve lending a portfolio.

The growth of the repurchase sector has been slowed by the recent bearish attitude of overseas investors to the German market. A lot of foreign bond holdings have flowed back to domestic buyers which remain sceptical about an involvement in the market.

In addition, the recent public row about repurchase agreements between DG Bank and banks in France has highlighted the immaturity of this sector and caused a lot of nervousness over the embryonic market.

However, repurchase agreements could grow to become the largest short-term instrument in the market, according to one US investment bank.

Other derivatives have developed alongside the exchange trade instruments – notably bund warrants and over-the-counter options. But both are unsophisticated for different reasons. Many of the German houses issuing the warrants have wildly mispriced them – in one case selling put warrants for less than their intrinsic value. At least two foreign houses have explained how they bought the puts and the future, which is equivalent to having a call position, and then sold the calls at a vast profit.

Again the undeveloped repurchase market has some strange effects on the pricing of the over-the-counter cash options. Market makers assume widely different re-purchase rates so that, although the spreads may be quite narrow, the prices may diverge considerably.

There is no going back for the German money market: the changes that have been prompted by the futures contract are not likely to disappear. Development will be even more rapid with the inception of Frankfurt's own product this summer. The two contracts will probably enter a period of intense competition which will be made more interesting because the new on-screen futures contract will compete with a traditional open outcry market.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thursday May 3 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Wed May 2: Index No.	Tue May 1: Index No.	Mon Apr 30: Index No.	Year ago (approx): Index No.
1	CAPITAL GOODS (199)	815.86	−0.5	14.29	5.55	8.48	14.32	820.03	816.15	813.49	960.85
2	Building Materials (27)	996.49	−0.3	15.93	5.96	7.73	16.86	999.70	994.59	989.61	1200.71
3	Contracting, Construction (36)	1278.79	−0.1	18.76	6.42	6.96	31.00	1280.64	1278.36	1279.21	1719.22
4	Electricals (10)	2332.46	−0.9	12.19	5.74	10.09	39.90	2354.64	2341.60	2320.14	2849.95
5	Electronics (29)	1738.75	−0.6	10.38	4.27	12.50	18.56	1749.88	1734.70	1717.35	2219.29
6	Engineering-Aerospace (8)	441.48	−1.5	14.75	5.27	8.09	9.03	448.22	445.51	444.61	0.00
7	Engineering-General (43)	452.04	+0.1	12.58	5.54	9.61	8.17	451.61	449.88	448.31	0.00
8	Metals and Metal Forming (6)	466.16	+0.4	25.24	6.69	4.47	0.53	464.50	462.83	459.60	541.60
9	Motors (16)	335.37	−0.2	16.63	6.72	7.03	9.47	336.18	335.34	333.92	316.58
10	Other Industrial Materials (24)	1472.55	−0.8	12.29	5.41	9.44	31.01	1484.91	1480.16	1485.47	1602.83
21	CONSUMER GROUP (178)	1164.13	−0.2	10.17	4.21	12.22	10.37	1165.94	1158.49	1151.43	1208.51
22	Brewers and Distillers (21)	1370.14	−0.2	10.40	4.02	11.67	12.62	1373.05	1375.27	1373.28	1333.96
25	Food Manufacturing (20)	1014.38	−0.1	11.04	4.64	11.23	14.80	1015.53	1005.46	1001.05	1038.59
26	Food Retailing (16)	2201.22	+0.1	9.90	3.58	13.03	15.05	2198.30	2190.17	2188.04	2172.23
27	Health and Household (13)	2423.23	−0.5	7.13	2.86	16.69	17.14	2435.17	2413.96	2385.03	2287.07
29	Leisure (32)	1297.51	+0.4	10.87	4.57	11.34	11.41	1291.79	1275.99	1266.85	1620.86
31	Packaging & Paper (13)	542.90	+0.7	13.09	5.98	9.81	11.66	539.06	537.51	534.25	572.36
32	Publishing & Printing (16)	3095.77	+0.1	10.87	5.80	11.62	50.81	3092.70	3060.34	3029.15	3575.46
34	Stores (35)	703.00	−0.4	12.56	5.22	10.29	2.12	705.63	701.02	696.89	792.56
35	Textiles (12)	448.86	−0.5	15.00	7.93	8.40	3.77	450.98	449.92	447.50	534.51
40	OTHER GROUPS (105)	1073.09	.....	11.82	5.32	10.13	9.12	1072.83	1066.74	1059.71	1079.55
41	Agencies (17)	1532.70	+1.9	6.40	2.57	18.87	12.89	1504.23	1484.78	1471.39	1308.80
42	Chemicals (23)	1170.49	+0.6	12.21	5.64	9.58	25.08	1163.60	1154.92	1149.10	1226.36
43	Conglomerates (14)	1497.48	−0.5	10.72	6.53	10.97	10.73	1504.30	1494.41	1480.08	1577.96
44	Transport (13)	2101.29	.....	11.26	4.68	11.27	25.71	2100.85	2094.69	2093.96	2417.53
46	Telephone Networks (2)	1049.90	+0.6	12.09	4.88	10.75	0.00	1043.22	1032.70	1019.16	1102.69
47	Water (10)	1832.91	−0.3	19.01	7.39	5.83	0.00	1838.51	1820.20	1837.84	0.00
48	Miscellaneous (26)	1678.16	−1.5	12.39	5.05	9.22	18.48	1703.91	1714.60	1705.56	1478.20
49	INDUSTRIAL GROUP (482)	1061.75	−0.2	11.71	4.89	10.41	11.59	1063.73	1057.61	1051.74	1129.34
51	Oil & Gas (18)	2168.87	+0.6	12.50	5.56	10.57	36.63	2155.49	2127.09	2111.34	1988.75
59	500 SHARE INDEX (500)	1154.04	−0.1	11.82	4.99	10.43	13.59	1154.87	1147.02	1140.35	1202.62
61	FINANCIAL GROUP (110)	747.36	−0.2	–	6.11	–	18.31	748.68	739.56	735.74	743.88
62	Banks (9)	794.82	−0.3	20.74	6.76	6.31	24.92	797.53	777.39	769.17	731.74
65	Insurance (Life) (7)	1229.98	.....	–	5.97	–	36.94	1229.89	1220.17	1232.29	1071.34
66	Insurance (Composite) (7)	627.22	−0.1	–	6.59	–	19.43	628.09	624.48	622.62	596.38
67	Insurance (Brokers) (7)	1041.18	−0.1	8.24	6.25	16.01	27.41	1041.97	1035.75	1034.84	953.69
68	Merchant Banks (7)	409.48	+0.5	–	4.65	–	4.85	407.46	406.85	403.22	331.77
69	Property (48)	1058.60	−0.2	8.35	4.25	15.25	8.07	1061.20	1062.15	1056.62	1325.80
70	Other Financial (25)	295.22	+0.2	15.11	7.56	8.73	4.23	294.75	293.06	291.32	370.68
71	Investment Trusts (67)	1130.83	+0.2	–	3.39	–	9.53	1128.03	1121.22	1113.92	1129 46
91	Overseas Traders (5)	1273.58	−0.7	10.36	7.17	11.65	42.87	1282.38	1281.91	1269.70	1373.16
99	ALL-SHARE INDEX (682)	1056.31	−0.1	–	5.12	–	14.48	1057.17	1049.21	1043.16	1090.77

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	May 2	May 1	Apr 30	Apr 27	Apr 26	Year ago
FT-SE 100 SHARE INDEX♦	2134.9	−2.7	2145.2	2130.2	2137.6	2117.9	2103.4	2106.6	2133.6	2119.0

FIXED INTEREST

	PRICE INDICES	Thu May 3	Day's change %	Wed May 2	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	112.28	+0.30	112.19	0.23	4.42
2	5-15 years	114.14	+0.87	113.15	–	4.96
3	Over 15 years	117.62	+1.23	116.19	–	4.16
4	Irredeemables	131.19	+1.19	129.65	–	6.12
5	All stocks	115.56	+0.72	114.82	0.08	4.74
	Index-Linked					
6	Up to 5 years	142.12	+0.39	141.56	–	1.49
7	Over 5 years	133.56	+1.59	131.47	–	1.38
8	All stocks	134.10	+1.49	132.12	–	1.38
9	Debentures & Loans	93.97	+0.64	93.36	–	3.30
10	Preference	74.15	+0.43	73.83	–	2.07

	AVERAGE GROSS REDEMPTION YIELDS		Thu May 3	Wed May 2	Year ago (approx.)
	British Government				
1	Low	5 years	12.24	12.36	9.60
2	Coupons	15 years	11.71	11.91	9.21
3		25 years	11.56	11.75	9.03
4	Medium	5 years	13.42	13.58	10.65
5	Coupons	15 years	12.22	12.38	9.63
6		25 years	11.74	11.90	9.19
7	High	5 years	13.51	13.67	10.77
8	Coupons	15 years	12.52	12.69	9.85
9		25 years	12.02	12.19	9.38
10	Irredeemables	†	11.63	11.77	9.01
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	4.70	4.84	3.51
12	Inflation rate 5%	Over 5 yrs.	4.16	4.27	3.57
13	Inflation rate 10%	Up to 5 yrs.	3.69	3.83	2.58
14	Inflation rate 10%	Over 5 yrs.	3.99	4.10	3.41
15	Debs &	5 years	16.11	15.04	12.38
16	Loans	15 years	13.99	13.89	11.47
17		25 years	13.71	13.87	11.08
18	Preference	†	12.52	12.58	10.20

♦Opening index 2141.6; 9 am 2144.3; 10 am 2137.3; 11 am 2136.3; Noon 2131.3; 1 pm 2132.9; 2 pm 2135.4; 3 pm 2135.9; 4 pm 2135.3; 4.10 pm 2135.1; (a) 8.52am (b) 11.34am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p. NAME CHANGE: First Scottish American Trust (71) has become Dunedin Income Growth Trust.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	84	0	15
Corporations, Dominion and Foreign Bonds	6	0	18
Industrials	292	338	952
Financial and Properties	152	120	456
Oils	28	25	36
Plantations	2	0	8
Mines	25	43	91
Others	68	63	124
Totals	657	589	1,700

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§125	F.P.	–	128	110	ABI Leisure 10p	113		R4.7	3.3	5.5	7.4
–	F.P.	–	206	193	Argos 10p	193	−1	L5.5	3.0	3.8	9.4
20	F.P.	–	28	19	#Bioplan Hldgs. 1p	20xr		–	–	–	–
–	F.P.	–	266	234	Courtaulds Textiles	239xd	−2	W11.6	2.4	6.5	8.2
–	F.P.	–	4¼	¼	Courtwell Group Wrrnts.	¼		–	–	–	–
100	F.P.	–	97	92	Dartmoor Inv. Tst. 10p	92		K9.8	–	14.2	–
‡	F.P.	–	148	119	F & C Germany Inv. Tst.	121		–	–	–	–
–	F.P.	–	64	48	Do. Warrants	48	−2	–	–	–	–
–	F.P.	–	46	31	First Philipine. Inv. Tst.	32		–	–	–	–
–	F.P.	–	22	10	Do. Warrants	12	+1	–	–	–	–
–	F.P.	–	14	7	Fisher (Albert) Wrrts.	8	+1	–	–	–	–
100	F.P.	–	98	95	Fleming Euro Fledgling	95		–	–	–	–
–	F.P.	–	40	23	Do. Warrants	35	−1	–	–	–	–
500	F.P.	–	98	95	French Property Tst.	96	−1	–	–	–	–
500	F.P.	–	35	32	Do. Warrants	35		–	–	–	–
100	F.P.	–	94	92	Henderson Highland Tst.	93	+1	K5.25	–	7.5	–
–	F.P.	–	28	25	Do. Warrants	25		–	–	–	–
$100	F.P.	–	£66	£63	Hungarian Investment 1c	£64		–	–	–	–
f70	F.P.	–	63	46	#LEICA 5p	54	−4	–	–	–	–
†	F.P.	–	203	203	Northern Investors £1	203xr		Na8.0	1.0	5.3	–
§100	F.P.	–	108	105	QS Hldgs. 10p	106		L3.75	2.1	4.7	11.7
$100	F.P.	–	99	95	Siam Select. Growth Tst.	98		–	–	–	–
–	F.P.	–	33	30	Do. Warrants	33		–	–	–	–
$$10.5	F.P.	–	641	535	South East Asian Wrrts1c	535		–	–	–	–
–	F.P.	–	41	31	Templeton Emerg. Wrrnts.	37		–	–	–	–
§155	F.P.	–	158	146	Torday & Carlisle 5p	146		L6.25	2.1	5.7	8.0
–	F.P.	–	10	6	Trust of Prop Wrrnts	10		–	–	–	–
8½	F.P.	–	10	9	Venturi Inv Tst Geared 1p	10		–	–	–	–
34	F.P.	–	36	34	Do. Inc. 10p	36	+1	K3.06	–	11.3	–
166½	F.P.	–	170	165	Do. Cap. Indexed 10p	170	+5	–	–	–	–

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100	F.P.	–	101	90	#Bluebird Toys 12pc Cv. Uns. Ln. 2005	90	
–	F.P.	–	85p	5p	Courtwell Group 10¾pc (Net) Cv.Cm.Pf	8pd	
100p	F.P.	–	99½p	96p	Hepworth Cap Fin. 11¼pc Cv. Bds 2005	98½p	+1½
100p	25p	–	31p	26p	Reckitt & Colman 9.5pc Cv Bds 2005	28½p	
100p	F.P.	–	100p	96p	Wyndham Group 9.375pc Cm.Pf	98p	−2
–	F.P.	–	55p	38p	York Trust 8.5p (Net) Rd.Cv.Pf 20p	40p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
20	Nil	–	8pm	¼pm	#Bioplan Hldgs. 1p	½pm	
200	Nil	–	2pm	2pm	Northern Investors £1	2pm	
B165	Nil	–	25pm	8pm	#Other Resources Units	16pm	−4
550	Nil	–	90pm	40pm	Paribas French Units	40pm	−2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ψ Issued by tender. § Offered to holders of ordinary shares as a "rights". † Introduction. ‡ Placing price. †† Reintroduction. ¶ Unlisted securities market. * Third Market. B Units comprising 11 new ord. & 2 warrants.

TRADITIONAL OPTIONS

- First Dealings: April 17
- Last Dealings: May 4
- Last Declarations: July 19
- For settlement: July 30

For rate indications see end of London Share Service

Calls in Amber Day, Coloroll, Expedier Leis., McCarthy & Stone, Next, Tusker Res., Utd. Newspapers, Speyhawk and Williams Hldgs. Put in T. Cowie. Put and call in Vaal Reefs.

LONDON TRADED OPTIONS

It was a quiet day in the London traded options market with fewer than 25,000 contracts traded and the only feature being the withdrawal from trading in the FT-SE option by one of the leading marketmakers. Rolls-Royce, British Steel, and Asda, were the most active trades.

Total turnover was 24, 673 contracts of which 12,602 were calls, and 12,071 puts. The FT-SE trades amounted to 6,240 contracts, 1,644 calls and 5,425 puts. A large part of that trade was thought to have been done by Hoare Govett before it pulled out of trading the FT-SE option; it was reportedly about to pull out of options trading altogether.

Rolls-Royce was the busiest option with 3,192 contracts traded, of which 1,870 were calls, and 1,322 puts. James Capel said to have been seller of the September 180 calls. Busy trades in the June 220 puts and the September 200 calls was also noted. UBS-Phillips & Drew was an active trader in Rolls-Royce yesterday.

British Steel was the second busiest option with 1,689 contracts traded, 749 calls and 940 puts. Most of the day's business was done early on in the day. Among the early buyers was James Capel which bought the January 160 calls at 4p though it was Anglo-Pierson which accounted for a large part of the day's business.

Asda traded 1,155 contracts, the calls being 1,018 and the puts 137. Kitcat & Aitken was reported to have sold 1000 of the July 100 calls at 5p. Other busy trades were recorded in Pilkington which traded 1,138 contracts, 516 calls and 622 puts; and BAT which traded 911 contracts.

Trading in the futures market similarly lacked features. A number of dealers concentrated on covering short positions but on the whole the London market followed the US futures market and closed at a premium of 32.

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Alld Lyons (*434)	390	40	58	68	7	10	13
	420	22	39	50	20	23	25
	460	8	20	28	53	52	53
ASDA (*97)	80	20	22	25	1½	3½	4½
	90	13	15	19	4	6½	8
	100	6	9	14	9	11	12
Brit. Airways (*195)	180	17	23	28	4	6	8½
	200	6	13	16	13	16	18
	220	2	5½	9	31	31	31½
SmKl Beecham A (*479)	460	37	52	65	12	15	22
	500	16	31	45	31	36	39
	550	5	15	–	74	74	–
Boots (*258)	240	25	31	36	6	8	11
	260	12	18	25	15	18	19
B.P. (*313)	300	21	30	37	6	8	10½
	330	6½	13½	21	22	23	25
British Steel (*141)	140	5½	8	12	8	10	10
	160	1½	3	4	25	25	26
Bass (*939)	900	70	105	135	15	22	30
	950	37	74	88	37	45	47
C & Wire (*474)	460	36	55	72	16	21	24
	500	15	33	48	39	42	44
Courtaulds (*298)	280	–	32	42	–	12	14
	297	12	22	–	19	20	–
	300	–	–	30	–	–	25
Com. Union (*453)	420	51	60	76	5	11	15
	460	25	35	52	21	28	28
	500	9	17	32	49	49	51
GKN (*387)	360	42	49	62	5	12	16
	390	23	29	43	16	24	28
	420	9	17	29	37	41	43
Grand Met. (*551)	500	72	83	–	4½	10	–
	550	34	49	71	19	27	30
	600	12	26	46	52	55	60
I.C.I. (*1105)	1050	95	115	114	12	24	30
	1100	62	85	122	27	43	47
	1150	34	59	–	54	70	–
Kingfisher (*273)	260	21	27	36	10	12	15
	280	12	17	26	21	24	26
	300	3	9	17	36	37	40
Ladbroke (*274)	260	22	33	38	7½	10	14
	280	10	21	28	18	20	24
[illegible]							

Option		Calls Jul	Calls Oct	Calls Jan	Puts Jul	Puts Oct	Puts Jan
Unilever (*634)	600	59	82½	98½	8¼	13	15
	650	26¼	49¼	66½	28	32¼	34½
Ultramar (*327)	300	40	50	63	4	8	11
	330	22	32	43	125	20	22

Option		Calls May	Calls Aug	Calls Nov	Puts May	Puts Aug	Puts Nov
Brit Aero (*512)	500	25	52	62	9	18	28
	550	5	24	38	43	50	55
BAA (*382)	360	28	38	52	4	9	13
	390	6½	18	31	14	21	27
BAT Inds (*678)	650	27	63	–	6	15	–
	700	4	31	52	38	42	42
BTR (*385)	390	8	25	35	12	17	24
	420	2	12	20	38	40	41
Brit. Telecom (*254)	240	16½	24½	30	1½	6	7½
	260	4	11½	17½	9	16	17½
Cadbury Sch (*306)	300	13	27	38	6½	12	15
	330	2	13	22	27	30	32
Guinness (*659)	650	24	52	73	11	21	28
	700	4	25	45	43	48	53
GEC (*195)	180	18	23	26	1½	5½	6½
	200	3½	10	15	8	15	17
Hanson (*214)	200	15½	21	28	1	4	5½
	220	3	9	16	7½	13	30
LASMO (*362)	333	33	48	–	3	7	–
	367	9	25	40	15	20	20
P. & O. (*566)	550	26	51½	63	9¼	15	22¾
	600	3¼	24	36	36½	41¼	48¼
Pilkington (*191)	180	14	18	23	2½	7	8½
	200	2½	8½	13	10½	17	19
Polly Peck (*403)	390	17	33¼	48¼	9½	16½	19
	420	4	18½	33¼	29¼	34¼	37½
Prudential (*191)	180	14	23	27	3	5	8
	200	2	10	16	12	14	16
Racal (*190)	180	15	22	28	3	8	11
	200	4	11½	18	13	18	21
R.T.Z. (*522)	500	30	50	67	3	11	15
	550	4	23	38	34	35	40
Scot. & New (*290)	280	15	26	32	3	13	17
	300	6	14	22	14	24	28
Tesco (*197)	180	19½	26½	31½	1½	2½	3¼
	200	4½	12¼	18	6	10¼	10¼
[illegible]							

Option		Calls Jun	Calls Sept	Calls Dec	Puts Jun	Puts Sept	Puts Dec
Barclays (*520)	500	36	48	63	8	18	18
	550	9	2136	–	32	41	42
Blue Circle (*204)	200	11	22	26	6	8	10
	220	4	9	17	20	22	23
British Gas (*194)	180	18	21	26	2½	5	7
	200	5	8½	14½	8½	14	16
Dixons (*120)	110	16	20	23	4	7	8½
	120	10	14	18	11	13	15
Glaxo (*763)	750	40	72	85	17	26	35
	775	27	–	–	29	–	–
Hawker Sidd. (*614)	600	35	63	70	23	40	53
	650	10	40	38	60	78	85
Hillsdown (*236)	220	19	28	34	5	7	10
	240	7	15	22	14	17	19
Lonrho (*227)	218	20	23	33	5	10	12
	236	8	15	23	15	20	18
Midland Bk (*284)	280	23	28	38	11	18	21
	300	10	20	28	25	28	30
R. Royce (*194)	180	19	27	30	2½	4½	7
	200	6	14	19	9½	11	14½
Sears (*88)	80	10	12	14	3	4½	6
	90	3	6½	9	8½	9	10½
THF (*246)	240	11	20	26	9	12	14
	260	3	11	15	26	27	26
Thorn EMI (*655)	650	32	42	60	15	33	38
	700	10	21	37	47	67	70
TSB (*131)	130	9	11	16	6	8	9
	140	2½	7	10	12	13	14
Vaal Reefs (*$80)	80	5	10	12	6	8	11
	90	3	7	9	14	15	16
Wellcome (*655)	650	40	70	92	25	38	47
	700	16	40	67	59	65	72

EURO FT-SE INDEX (*2135)

	2025	2075	2125	2175	2225	2275	2325	2425
CALLS								
Jun	157	120	86	58	38	23	13	9
Sep	210	–	143	–	92	–	53	–
Dec	255	–	190	–	135	–	95	–
Mar	295	–	235	–	185	–	140	–
PUTS								
Jun	20	31	48	71	97	131	173	214
Sep	42	–	67	–	112	–	167	–
[illegible]								

[illegible]

UK COMPANY NEWS

Tesco to pay £55m for Asda superstore sites

By Maggie Urry

TESCO IS buying three superstore development sites from fellow food retailer Asda for £54.75m in cash.

The sites, which have outline planning permission to build superstores, are in Shoreham (Sussex), Hillingdon (Middlesex) and Ashford (Kent). Tesco shares rose by 1p to 197p while Asda shares gained 2p to close at 97p yesterday.

Mr John Hardman, Asda chairman, said the sites being sold were surplus to requirements. He said the £705m acquisition last autumn of 61 superstores from Gateway and Asda's own 13 store opening programme in the new financial year meant that by April 1991 the group would have increased its sales area by 89 per cent.

Mr David Reid, finance director of Tesco, said the acquisition gave the group sites in important areas where either it had been under-represented or, in the case of Ashford, would give it a strong position in an important town. He said Tesco had anticipated Asda's probable need to sell sites and had approached Asda some months ago.

John Hardman: sites sold were surplus to requirements.

The three stores will cost about a further £6m each to develop, making an average cost for each of around £24m. Mr Reid said that this was on the high side but not the most the group had ever paid for a superstore. Two stores would open in the 1991-92 financial year and one the year after.

The deal will help to reduce Asda's borrowings which stood at about £900m at its financial year end last month, 80 per cent of shareholders funds. The group will make a small profit on the sale.

Asda said it would have cost perhaps a further £30m to build the three stores, but that its primary objective at present was to maximise profitability of existing investments.

Last December Asda warned that its profits in the year just ended would be "significantly below" the previous year's. Asda denied recent stock market rumours that the trading position had worsened yet again.

The company said that its central distribution system was now providing a 98 per cent service level to the stores and costs had been reduced.

Asda added that the integration of the Gateway stores was going well, with 49 now trading under the Asda name. Gross margin benefits from the extra buying power had matched expectations, Asda said. Sales of the George Davies range of clothing and footwear were also going well.

PWS rises to £2.5m and makes cash call to bolster recovery

By Nikki Tait

PWS HOLDINGS, the Lloyd's reinsurance broker, yesterday demonstrated further signs of recovery after its ill-fated acquisition of Glenn Nyhan & Associates in 1988, when it announced pre-tax profits of £2.54m for the six months to end-March.

The figure compared with £1.78m in the same period a year earlier and £1.62m for the last full year.

Interest charges in the period under review took £670,000 (£637,000) and an exceptional debit of £400,000 (nil) covered redundancy costs.

Earnings per share rose 39 per cent to 10.3p (7.4p), while the interim dividend increased by 30 per cent to 1.3p (1p).

Helped by this progress, PWS was able to announce a £3.37m rights issue on a one-for-four basis at 59p a share, and still see its share price rise 3p to 70p yesterday.

Jupiter Tarbutt Merlin, the fund management group, has agreed – on behalf of discretionary funds which it manages – to take up its rights in respect of 29.9 per cent of the issue. The remainder has been underwritten by Laing & Cruickshank, which has been appointed stockbroker to the company.

The rights call is intended to assist the group's recovery and strengthen the balance sheet. In the wake of the disastrous acquisition in 1988, debt increased sharply, and directors said the funds would help reduce outstanding borrowings from £6.61m now to £3.24m.

PWS reminded shareholders that the company usually incurred a small loss in the second half, but said it was "confident of a satisfactory overall outcome." It is forecasting a final dividend of 1.7p (1.5p) a share.

Ivory & Sime unveils new management structure

By David Barchard

IVORY & Sime, the Edinburgh-based fund management group, yesterday unveiled a new management structure intended to fill vacancies created last month when Mr David Ross, the group's former managing director, departed abruptly together with four senior fund managers.

Mr Ross is to be replaced by a three-executive management committee, headed by Mr Allan Munro, formerly pensions director at Ivory.

One significant feature of the changes is that Mr Alex Hammond-Chambers, Ivory & Sime's chairman, will give up his duties as chief executive. Two new non-executive deputy chairmen, Mr Geoffrey Musson and Mr David Newbiggin, both non-executive directors, have also been appointed.

Mr Munro will share his executive responsibilities on the executive management committee with two other members, Mr Michael Woodward, Ivory & Sime's head of European Investment since 1986, who becomes Investment Director, and Mr Gordon Neilly, who becomes Finance Director.

"The new structure emphasises teamwork which I very much believe in," Mr Munro said yesterday, adding that he hoped he would be able to continue with his own fund management work.

Mr Munro said that the executive management committee would probably be expanded later.

Mr Munro said yesterday that he hoped the upheavals in Ivory & Sime which accompanied Mr Ross's departure after 20 years with the company, were now over.

Noble Raredon seeks £5m to help establish Polish facility

By David Owen

NOBLE RAREDON, the leisure, trading and specialised engineering group controlled by Mrs Bilge Nevzat – sister of Polly Peck's Mr Asil Nadir – is calling on shareholders for £5.2m net via a 7-for-20 rights issue at 80p per share.

The company proposes to use £4m of the money to establish a manufacturing facility in Poland to produce packaging materials and corrugated cardboard boxes. That would be by means of a majority stake in a joint venture.

The group said that it was negotiating with a state-owned company in Torun which would provide land and buildings as consideration for its minority stake.

A further £900,000 would be used to purchase the minority interest in Sunset View, a holiday village on the Turkish Aegean coast.

The company said that its Tri-Sun Travel subsidiary has entered into a conditional agreement to buy the 49 per cent that it does not already own in Sunset Turistik Isletmeleri, the Turkish group that owns and operates the village. The balance of £300,000 is to be used for working capital.

Under the terms of the proposed transaction, some 5.53m of the 6.78m new shares being issued are being conditionally placed with institutional investors by Paribas and Stock Beech.

However, they will be made available to current shareholders through an open offer.

The remaining 1.25m new shares are to be subscribed for by Fairweather Investments, an entity whose share capital is held by trustees for the benefit of Mr and Mrs Nevzat and family.

This represents about 28.4 per cent of Fairweather's entitlement to the new shares. The company's stake in Noble Raredon will accordingly fall from 64.9 per cent to 52.9 per cent.

Noble Raredon shares closed 7p higher yesterday at 82p.

Clinton £6.4m rights and plans full listing

By Clare Pearson

CLINTON CARDS, which continues to buck the trend in the specialist retailing sector, yesterday announced it intended to celebrate with a £6.4m rights issue and a move up to the Official List.

The USM-quoted greetings cards company plans to use proceeds of the one-for-four share issue to fund further expansion of its outlets, now standing at 188.

The 3.38m rights issue shares are being issued at 200p. Yesterday Clinton's shares closed 12p down at 227p.

Mr Don Lewin, chairman, said he was confident Clinton was "well placed to achieve another satisfactory year".

Sales since the start of the year on January 28 were about 13 per cent up on a like-for-like basis. He had been particularly encouraged by the performance during the 1989 Christmas period.

Last year Clinton spent £5.8m on opening new shops and refurbishing others.

The Lewin family is not taking up its rights entitlements and this will reduce its shareholding from 70 to 56 per cent.

In the year to January 28, Clinton made pre-tax profits of £3.4m (£2.51m) on turnover of £38.4m (£33.43m). Earnings per share increased by 33 per cent to 17.1p.

Propeller rises 44% to £1.02m

By Katrina Lowe

Propeller yesterday pleased the market with a 44 per cent rise in annual profits from £708,159 to £1.02m achieved on sales up 50 per cent from £9.46m to £14.22m. Shares in the leisurewear company, which joined the USM last June, added 5p to 33p on the announcement of results for the year to February 2.

Mr Mike Keen, chairman of Propeller and of Corton Beach, which has a 28 per cent stake, attributed Propeller's success to its "safety first" approach. The company has few overheads as it employs about 30 people and operates from small offices in the West End of London. Distribution is contracted out. Propeller has three businesses in niche markets and several products lines, aimed at spreading profitability and reducing vulnerability to any downturn.

During 1989 the company entered the womenswear market and also formed a division to establish a range of ties and accessories and a contribution is expected this year. Talks are underway which could result in an acquisition to add jackets and jeans.

Mr Tony Dabbs, chief executive, said the core business, which gives the company its name, put in about £750,000 to these results. Michael Ross, the knitwear side, contributed £200,000 and Newross Impex, the menswear distributor, acquired in October, contributed £250,000.

Mr Keen said sourcing from Hong Kong had been reduced from about two-thirds to a third due to unease regarding the future of the colony. The slack was taken up in Portugal, Turkey and Greece, the United Arab Emirates and India. The move had also enabled Propeller to speed up delivery times. The termination of the Hong Kong agreement and associated costs accounted for £248,276 of extraordinary costs of £539,491.

The dividend for the year has been raised 20 per cent to 0.6p a share on earnings of 6.84p (5.53p). The year ended with short-term borrowings at £1.6m and gearing of 90 per cent.

COMPANY NEWS IN BRIEF

ALLIED LONDON Properties bought 10,000 of its ordinary shares at 81p and 10,000 at 83p per share for cancellation, following which there are 69.44m ordinary.

BATLEYS' buy-out scheme was approved in a high court hearing without modification. The scheme will become effective on May 9.

BOURNE END Properties has purchased 25,000 of its own ordinary 25p shares at 158p each.

BRASWAY has acquired the business and assets of CKC Cutting Services for £100,000 cash, including settlement of inter-company debt. It will form part of the newly-formed special products division of Brasway Tube.

CADBURY SCHWEPPES has bought NV Gibeco, the Gini franchisee for Belgium and Luxembourg, from Bosteels Brewery. Sales for the year ended September 30 1989 were equal to £5.6m and net tangible assets being acquired totalled £1.8m.

CAPITA GROUP was trading significantly better in the current year, AGM told.

COOPER (FREDERICK) has paid £875,000 cash for Arnew, a supplier of rubber and plastic products and PVC synthetic foam to the automotive, general engineering, building and electrical industries.

DWYER: Mainscene, in which Dwyer has a 50 per cent interest, has acquired the Abbeycentre shopping centre in Newtonabbey, Belfast, for £20m. Total annual rentals are currently £1.06m, and rental income is expected to increase materially during 1990. Principal funding has been provided by Sumitomo Trust and Banking, and Dwyer has provided a £3m loan secured by a second charge over the Abbeycentre.

EMAP, the newspaper, magazine and exhibition group, has sold its free newspaper, the Portsmouth & Southsea Citizen, and its editions for Fareham & Gosport and Havant and Waterlooville, to Portsmouth & Sunderland Newspapers for £1.5m in cash.

EUROCOPY has acquired Photocopying Consultants (Wales), a Newport-based distributor of Ricoh photocopiers, for £30,000 cash.

FORD SELLAR MORRIS, on April 30, purchased for cancellation 20,000 ordinary at 92p each and 25,000 at 94p each. Following this purchase, company has 41.99m ordinary in issue.

GARTMORE EMERGING Pacific: For initial period to March 31 1990 net loss per share was 0.02p. Net asset value 63.8p.

GEEST told its annual meeting that the first quarter of year had made a promising start and restructuring of the produce marketing business into four units would be completed by the end of May.

UK COMPANY NEWS

State Insurance Office sold for £257m amid controversy

Norwich wins largest NZ insurer

By Terry Hall in Wellington and Patrick Cockburn in London

NORWICH UNION, the UK mutual insurer, was yesterday named surprise victor in the bidding for the State Insurance Office, New Zealand's biggest general insurer with one million customers.

It is paying £257m (NZ$735m) compared with the New Zealand Government's initial estimate that the sale might raise NZ$500m.

Mr Phil Sheridan, Norwich Union's international general manager, said his company had paid a "very full price for a unique asset, one that had only incurred underwriting losses in three years since it was founded in 1905." The company made a pre-tax profit of £18.4m in 1989 and has total assets of £200m.

By buying the state insurer Norwich automatically becomes the biggest non-life insurance company in New Zealand with 36 per cent of the motor market and 24 per cent of household insurance. Market share of this size should give it a measure of control over prices.

Outlining other reasons for paying a high price Mr Chris Bascombe, International Actuary at Norwich Union, said: "A major attraction is that they have 71 branch offices where people come and buy insurance." The UK mutual plans to use this distribution system, which has 1,200 employees, to sell life insurance.

Mr Bascombe said that the decision by the New Zealand Government to privatise the company gave Norwich Union an uncommon opportunity to buy a profitable insurance business. "When insurance companies come on the market there is usually something wrong with them," he said.

The sale was seen in New Zealand as controversial, with defenders of state ownership saying the low premiums charged by the State Insurance Office had kept down insurance rates and had been to the advantage of consumers. The Government still has to pass legislation to permit the sale.

Profits for non-life insurers in New Zealand have been hit by the economic depression and damage caused by Hurricane Bola to North Island but, with its emphasis on personal lines, the State Insurance Office is believed to be more profitable than other companies.

Norwich Union was swift yesterday to deny that its purchase had anything in common with the controversial takeover by the Perth-based Composite General Accident of NZI Corporation, the New Zealand banking and insurance group, whose subsequent losses have hit GA's profits.

Mr Tom Bennett, insurance analyst at Paribas Capital Markets Group, said: "This is completely different from NZI where the problems were all in the banking end of the business. NZI's insurance interests are profitable and well run."

Before buying the State Insurance Office Norwich Union already had a small stake in New Zealand. Norwich Life had three per cent of life business and Norwich Winterthur Insurance, of which Norwich Union had a 48.5 per cent interest, had 3.5 per cent of the non-life market

Mr Sheridan said the State Insurance Office was a well managed organisation and that Norwich Union did not propose making any changes, although it might provide additional input in the investment area. The company would also retain its old name.

He said the price had been a full but fair one as his company had been competing against 25 other bidders.

Speaking for the New Zealand government Mr Peter Neilson, associate minister for state owned enterprises, said: "At current interest rates the sales proceeds of NZ$735m will cut the Government's debt servicing by between NZ$90m and NZ$100m a year."

Norwich Union's annual report issued yesterday said that assets under management now exceeded £20bn. Total turnover grew last year to £3bn.

Invergordon offer fully subscribed

By Clare Pearson

INVERGORDON Distillers, the Scottish whisky group and one of only two companies to launch a public offer in this year's difficult market conditions, has seen its £41m offer for sale become fully subscribed.

The offer of 30.53m shares at 135p each has been subscribed slightly more than once over, Robert Fleming, the merchant bank which arranged the issue, said yesterday.

Fleming described this as a "very satisfactory result given the current market conditions."

Invergordon's shares, launched on a prospective p/e of 11.9, were seen as reasonably priced in the City when the terms were announced last week.

But concern about the level of demand for public offers was reflected in the structure chosen for Invergordon's share sale.

In an adaptation of the normal offer for sale structure, Invergordon did not to launch all the shares it was selling by way of an offer for sale, but accompanied the £40m offer with a similarly-sized issue of shares placed firm with institutions.

Invergordon's £80m combined share issue forms part of a £171 flotation of the company.

Dealings are expected to commence next Friday. Stockbrokers to the offer are de Zoete & Bevan.

Goldsmiths Group, the jewellery retailer and the only other company to launch an offer for sale this year, saw 30 per cent of its £25m issue left with the underwriters in January.

Aside from the privatisation issue for the 10 water companies at the end of last year, Goldsmiths was the first company to launch an offer for sale after Hays, the business service group, saw its offer flop amidst last October's mini-market crash.

US intervention in bid battle for Crystalate

By Clare Pearson

A US electronics company, Vishay Intertechnology, yesterday intervened in the hostile bid for Crystalate Holdings being mounted by TT Group, industrial holding company, with an announcement that it was contemplating making an offer for the electronic components company.

Vishay said it was considering the possible acquisition of Crystalate and this might or might not result in an offer being made.

It was about to seek permission from the US antitrust authorities and this move had led it to make the announcement, it said.

The company had set itself the deadline of May 28 for deciding whether to launch a rival offer to TT's £32m bid.

Crystalate said it intended to seek clarification of Vishay's position and in the meantime urged shareholders to take no action. The shares, valued at 83p under TT's offer, closed 6p up at 81p.

The two companies have long-standing commercial links via Crystalate's Welwyn subsidiary, which has been a distributor of strain gauges made by Vishay for some 25 years. Mr Zandman said Crystalate was also a direct competitor of Vishay in other products.

Lack of industrial synergy has been one of the main arguments advanced by Crystalate against the TT bid, which it has also attacked as being all-paper.

Vishay, which is quoted on the New York stock exchange, has grown rapidly by acquisition in recent years and is currently capitalised at $200m (£122m).

Sales last year, about 40 per cent of which were made in Europe, stood at over $400m.

This marked a 70 per cent increase. Share earnings were up only to $1.5 ($1.44), after higher interest charges to finance acquisitions.

TSB review proposes sale of Target

By David Lascelles, Banking Editor

THE TSB is proposing to sell off Target Group, one of the UK's largest unit-linked life assurance companies.

News of the sale is expected today as part of an announcement about the results of a wide-ranging review which the banking group has been conducting of its insurance and investment activities.

The TSB bought Target nearly three years ago in an agreed £227m bid. But it has now concluded that the company overlaps with Hill Samuel, the merchant banking and investment services group which it bought around the same time mainly for its corporate banking capabilities.

Both Target and Hill Samuel sell investment products outside the TSB's bank branch network. Similar products are also sold through the branches by a third company, TSB Trust Co.

Target markets a wide range of personal investment and other financial products such as unit-linked pensions, unit-linked life assurance and savings plans, unit trusts and offshore funds. It has a strong distribution network based on independent advisers and a direct sales force.

In the year ending September 30 1989, Target had total premium income of £212m of which £53.6m was new annual premium income. The value of in-force life assurance was £61.2m, and funds under management were £1.37bn.

However, Target's profits were badly hit by a £13m provision for bad debts last year which reduced earnings to only £3m from £20m the year before. Full details of the accounts have not yet been published.

Target has preserved its autonomy within the TSB group which makes it easier to sell than more integrated operations. However, it is unlikely that the TSB will recoup its purchase price. The original deal was concluded only three months before the 1987 market crash, and the current uncertainty in the investment market has depressed prices.

Nonetheless, there is considerable sale and purchase activity in the investment services business at present, and the TSB is hopeful of finding a substantial buyer, possibly foreign.

Mr Paul Taylor, Target's managing director, said last night that the decision to sell had not come as a surprise, though staff were pleased that the uncertainty created by the TSB review had ended.

He said Target was sufficiently free-standing to be able to continue its business as before with a supportive new owner.

Warning hits Pepe shares

Shares in Pepe, a former star of the textiles sector, tumbled 22p to 143p yesterday after the leisurewear group warned that pre-tax profits for the year to end-March would be lower than last year's £12.8m.

The blame was laid chiefly on difficult trading conditions in the UK. And its strategic push into overseas markets had also proved more costly than anticipated.

Pepe set a £10.5m floor on pre-tax profits, which are due to be announced in July. Prior to yesterday's announcement the City had expected profits to be slightly higher.

The pre-tax figure would be scored on group turnover 30 per cent ahead, the company said, reflecting growth in international markets.

Action hots up in the Globe takeover battle

John Thornhill on a new move in the bid for GIT

MR PAUL Whitney and Mr Barry Soutchcott are as mild-a-mannered pair of men as you could wish to meet.

But as chief executive and managing director respectively of CIN Management they show a ruthless streak when it comes to dealing with the £12.3bn of assets they manage for the British Coal Pension Funds.

This has already been shown by the funds' current £1.03bn bid for Globe Investment Trust which has been pursued with almost clinical cunning. And so it was again yesterday as the funds revealed two additions to their offer for Globe which attempted to wrong-foot the other side and immediately confront some of the issues thrown up by the Association of Investment Trust Companies, which had just launched a campaign to have the bid referred to the Monopolies and Mergers Commission.

The British Coal Pension Funds are now offering Globe's shareholders three options:

- An all cash offer of 191p per Globe share. The funds claimed that because of the fall in the stock market their cash offer now represented only a 3 per cent discount to the trust's net asset value at the beginning of this month.

- A loan note alternative. These notes will bear interest payable every six months at LIBOR, currently at 15⅛ per cent. The notes may be redeemed for cash on April 30 1991 up until the final repayment date on April 30 1995. In their previous successful bid for the TR Industrial & General Trust, the coal men never felt obliged to introduce a loan note alternative and received some vociferous protests from small investors with potential capital gains tax problems.

- An option to switch their Globe shares into a new investment trust.

This investment trust will be the first to be set up with the specific purpose of tracking the performance of the FT-Actuaries All-Share index – to date, other funds in the trust sector have confined themselves to issuing "index" loan stocks – and will invest wholly in UK quoted companies. The funds believe they can effectively track the market by investing in only 50 to 100 stocks.

"It is unique in being the only investment trust with this objective," said Mr Whitney.

This new investment trust will have an initial life span of three years – which it is hoped will help reduce the discount between its share price and net asset value.

At the end of that time, shareholders will be able to vote on whether to extend its life or to liquidate the assets. If the trust's life is extended shareholders will then vote on an annual basis as to whether to continue it.

Placing a fixed life on a trust is a common move designed to prevent too big a gap developing between the value of the underlying assets and the fund's share price. However, the first possible wind-up date is normally set six or seven years out; three years is unusually short.

The trust will be quoted on the Stock Exchange and its shares will be traded just like any other quoted investment trust's shares.

One of Globe's directors will be invited to join the board, but once the trust has been set up it will require little management effort or cost. "The investment strategy will be run by a computer," Mr Soutchcott said.

The creation of this new trust does, however, depend on the funds' offer becoming unconditional. It also requires a minimum of 200 shareholders to accept and must have an aggregate value of not less than £10m (less than 1 per cent of Globe's estimated net asset value at May 1).

This package also has a degree of flexibility: Globe's shareholders will have the ability of subscribing for as much of any of the three options as they wish depending on which combination most suits their investment needs or is most advantageous for their tax position.

Investment trust analysts were yesterday divided as to the merits of the funds' proposals but all deferred their final judgement until they had seen more details. One said: "It is a good card for them to play at this stage but there are still a whole lot of questions to be answered on the details."

Mr Philip Chappell, an adviser to the Association of Investment Trust Companies, responded favourably to the funds' proposals but said the AITC would continue to campaign to preserve Globe's independence.

"I am glad that they [the funds] have recognised some of the arguments that were adduced on the tax issues for private shareholders but they have not dealt with the principle. Shareholders wanted to be part of a global investment trust and now they are being offered cash, a loan stock, or an index-tracker," Mr Chappell said.

"This package is not what Globe's shareholders originally bought so why should they be pushed by big brother into accepting what they do not want."

UK COMPANY NEWS

Provision for southern side reins in Bellway

By Clare Pearson

EVIDENCE of a divided UK housing market emerged yesterday in the results reported by Bellway. The Tyneside-based housebuilder described the performance of northern operations as excellent but made a provision against problems in the south. This held back the pre-tax profits rise from £5.67m to £6.11m.

Trading profits in the six months to end-January rose 41 per cent from £7.23m to £10.2m, but in the light of difficult market conditions and margin erosion in the south Bellway made a £4.5m exceptional provision against housing land and work-in-progress, partly offset by a £500,000 profit from a share stake sale.

There was an interest debit of just £84,000 (£1.56m). The interim dividend was maintained at 4p. Earnings per share fell to 11.8p (14.4p).

Mr Kenneth Bell, chairman, said that northern divisions had anticipated the changing market and secured sales well in advance.

Group turnover was £59.2m (£51.24m). Total units sold declined from 800 to 700, but there was a big margin gain in the north where prices were as much as a third higher.

Mr Alan Robson, finance director, said prices in the north had stabilised, but turnover remained good. Southern conditions remained difficult, but the market was "at or near the bottom."

The virtual elimination of group borrowings meant Bellway was well-placed to take advantage of the expected upturn in the south when it materialised. The borrowing reduction resulted from a £20m preference share issue launched in March last year.

The share stake sold was the *remainder of a holding in* Highland Participants, the property and ship repair group run by Mr Peter de Savary.

● COMMENT

Against a background of well-chronicled woes and disasters in the housebuilding sector, Bellway's 40 per cent trading profits increase looks startlingly impressive. Just a few years ago, driven to embark on various unrelated diversifications, so dismal was its northern housebuilding business, the company now boasts a near-model geographical spread. Last year's preference share issue also looks to have been a highly cunning move. However, the £4.5m provision shows that the company cannot escape from the state of its market and pre-tax profits are bound to come out lower this year than last time's £17.02m. They could be as low as £13m, giving a p/e just above 7; more importantly, the yield is around 8.5 per cent. Some followers of Bellway say they are concerned about a lack of detailed information provided by it, and only the most daring would put new money into the sector at the moment, but the courageous investor could be rewarded.

Reinforcing the barriers against serious competition

Philip Rawstorne takes a look at the power structure of the brewing industry

NONE OF the UK's six national brewers can now expect to avoid a Monopolies and Mergers Commission inquiry into any deal that would radically change the power structure of the industry.

That is the implication of the referral of the Grand Metropolitan/Elders IXL breweries-for-pubs swap to the MMC last week by Mr Nicholas Ridley, Secretary for Trade and Industry.

Recognition of the advantages this gives to Bass, the UK's biggest brewer, was reflected in a 24p rise in the company's shares so far this week.

The GrandMet/Elders referral has apparently reinforced the barrier against the entry of a serious competitor to Bass that was raised by the MMC ruling last year on Elders' bid for Scottish & Newcastle.

That deal would have formed a grouping with about 21 per cent of the market to challenge Bass' 23 per cent. A 40 per cent combined market share for the top two brewers, the MMC then ruled, represented an excessive degree of concentration.

The whole thrust of the MMC's approach so far has been to limit further horizontal concentration in an industry that was already highly vertically integrated through the brewers' tied pub estates.

Back in 1985, in its judgment on Scottish & Newcastle's own bid for Matthew Brown, the MMC stated "there may well be a strong case on public interest grounds against acquisition of a regional brewer by any of the five largest national tied estate brewers."

But after the MMC's attack on the tied-house system last year, Whitbread's £51m agreed acquisition of Boddington's breweries and beer brands was nodded through, despite the fact that the deal lifted Whitbread to joint second place in the industry alongside Allied-Lyons.

Sir Gordon Borrie, Director General of Fair Trading, appears to have been guided by the MMC statements in recommending the referral of the GrandMet/Elders swap.

Sir Gordon Borrie: the critical consideration was that even after 1992, there would still be 6,600 tied pubs.

It would give Elders' subsidiary, Courage, an 18 per cent share of the beer market. Combined with the 23 per cent held by Bass, that would have exceeded the 40 per cent concentration previously rejected by the MMC.

Sir Gordon's concern on this score was apparently heightened by the timing of the deal, and its effect on the pub retailing scene.

The first of the government orders aimed at loosening the ties on the big brewers' pub estates are only just being implemented.

The measures are less rigorous than the MMC had recommended. Under pressure, Lord Young, the former Secretary for Trade and Industry, backed away from imposing a ceiling of 2,000 on the number of pubs that any brewer could own. Instead, those with over 2,000 pubs will have to free half the excess number by 1992, and allow some outside suppliers access to tenanted pubs in the meantime.

In this position, Sir Gordon clearly found it impossible to swallow the GrandMet/Elders proposal to form a joint venture company, running an estate of 8,500 pubs, that would be supplied with beer by Courage.

The prospective partners *undertook to ensure that they* owned no more than 25 per cent of the pubs in any licensing area and that Courage's beer supplies would be progressively reduced after five years. They also pointed out that by 1992 the joint venture would free some 500 more pubs than would have been untied by the separate companies.

For Sir Gordon, however, the critical consideration was that, even after 1992, there would still be 6,600 tied pubs, a bigger estate than any currently owned by an individual brewer. Could such a proposal be reconciled with the MMC's avowed intention to put a much larger number of outlets into "the hands of genuinely independent retailers and of smaller brewers"?

That was a question that only the MMC itself could answer, Sir Gordon decided.

Its judgment on the GrandMet/Elders deal should provide guidance for the other major brewers in their response to the government orders affecting their pub retailing interests.

It should also clarify whether the MMC, in the light of these orders, is now prepared to accept further consolidation in the brewing industry.

Without it many industry observers consider the UK brewers' will be unable to com*pete effectively in the wider* European market.

Rathbone Bros scores 46% rise to £2.2m

By Ian Hamilton Fazey, Northern Correspondent

Rathbone Brothers, the small private banking, investment and financial services group which is one of a handful of quoted companies still based in Liverpool, produced a 46 per cent increase in pre-tax profits last year from £1.5m to £2.2m. Turnover rose 36 per cent from £4.7m to £6.4m.

The USM-quoted company, which is nearly 250 years old, started in timber, moved into wooden shipbuilding and then into the financing of shipping. It has evolved into an investment management group, mainly for clients with between £1m and £10m. It employs nearly 100 people, with just over half in Liverpool.

Earnings per share for 1989 improved to 19.84p (15.7p), reflecting the benefits of Rathbone's merger with Comprehensive Financial Services of London in 1988.

The final dividend is 5p, *bringing the total for the year* to 6.6p per share (5.5p).

Mr Oliver Stanley, the chairman, said that the London and Liverpool investment management businesses had been merged and a new research team set up. Trust companies in Geneva and the British Virgin Islands had been reorganised to reduce overheads. Acquisitions were being sought.

Mr Sebastian Rathbone, deputy chairman, is predicting another two good years in the run-up to the company celebrating its quarter-millennium.

Klark-Teknik rises to 68% at midway

Klark-Teknik, designer and manufacturer of professional audio equipment and distributor of lighting controls, raised profits by 68 per cent in the sx months to January 31.

The advance from £445,000 to £748,000 was achieved on sales up 64 per cent from £2.91m to £4.76m.

The dividend has been raised 50 per cent to 0.75p on earnings of 2.9p (1.7p).

The directors also said that talks which might have led to a takeover had been abandoned.

NEWS DIGEST

All-round growth lifts Leeds to £1.8m

All trading operations *performed strongly in the first* half at Leeds Group, textile printer and dyer, which reported a 26 per cent increase in pre-tax profits.

On turnover ahead by 17 to £15.39m (£13.06m) the taxable result was £1.8m (£1.43m). The newest acquisition, Langholm Dyeing, made a contribution for three months up to the company's best expectations.

Mr Robert Wade, the chairman, anticipated that expenditure in the next twelve months would be kept largely within its annual depreciation charge of £1m.

Leeds Leasing, its finance leasing subsidiary, continued to be affected by high interest rates and bad debt provisions, he said, but remained profitable at a lower level.

The interim dividend is lifted to 3p (2.7p), payable from increased earnings per share of 11.4p (9.2p).

Glasgow Trust at £385,000

Net asset value per 25p ordinary share of Glasgow Income Trust stood at 48.57p at March 31 1990. That compared with 49.26p a year earlier and with 51.97p at September 30 1989.

Attributable profits for the six months ended March 1990 totalled £385,000. The trust has changed its year-end and the figures compare with £582,000 for the nine months to March 31 1989 and with £1.08m for the 15 months to end-September 1989.

A second interim dividend of 0.6p makes 1.2p to date. As previously announced, dividends totalling not less than 3.1p have been forecast for the full year. That represents a increase of some 10 per cent over the annual equivalent of total dividends paid for the period to September 30 1989.

UK COMPANY NEWS

Retrovir sales help Wellcome rise to £164m

By Vanessa Houlder

A STRONG increase in sales of Retrovir, the only drug licensed to combat AIDS, helped Wellcome, the UK pharmaceuticals group, to raise interim pre-tax profits by 28 per cent to £164.1m.

Sales of Retrovir increased from £59m to £88m despite a 20 per cent price cut in September and a reduction in recommended dosages.

Wellcome's other antiviral drug, Zovirax, which treats herpes infections, remained its largest seller with sales up from £130m to £177m.

The result for the 27 weeks to March 3 compared with £128.2m pre-tax in the 26 weeks to February 25 last year. The performance was enhanced by currency fluctuations which increased pre-tax profits by 14 per cent. Exchange rate movements resulted in a 7 per cent increase in turnover of continuing operations, which increased by 26 per cent to £733.4m.

Dr David Barry, vice president of research, development and medical, said the approved uses of Retrovir had markedly expanded since last November, but the results were not affected by the decision in March to permit the use of Retrovir in the US by patients infected by the HIV virus who showed limited symptoms.

The company has applied to regulatory authorities outside the US to extend Retrovir's permitted uses. Approval would increase the prescription use of the drug, but, as with all new medical products, it would take time to effect sales.

Wellcome said it expected a rapid review by the US Food and Drug Administration of its application for approval for Exosurf, a treatment for respiratory distress syndrome in babies.

During the period under review, the FDA approved the use of Zovirax for shingles and long-term suppression of recurrent genital herpes.

Ashley Ashwood

"I believe that the health of the group and its finances continue in good shape," said Sir Alfred Shepperd, chairman and chief executive, at his valedictory results presentation. He intends to retire on June 30 and will be succeeded by Sir Alistair Frame who will step up from the deputy chairmanship. Mr John Robb, deputy chief executive, will become chief executive.

Research and development totalled £108m. Capital expenditure, resulting from expansion in North Carolina, totalled £25m.

The geographical breakdown of turnover was: UK domestic £73m (£63m), UK export £170m (£137m), rest of Europe £157m (£116m), North America £334m (£256m), Asia £75m (£66m), Australasia £28m (£24m), rest of world £25m (£19m).

Earnings per share increased 28 per cent to 11.5p.

Property and shipping behind Ropner advance

By Vanessa Houlder

ROPNER, a diversified group with interests in shipping, engineering, garden products and property, yesterday announced a 43 per cent increase in pre-tax profits from £5.25m to £7.51m for 1989.

The results reflected a large property profit and a good performance from the shipping business, tempered by renewed losses from insurance broking and a disappointing performance by the garden products and engineering divisions.

The garden products division suffered from distribution problems in coping with its increased turnover. The engineering division, which makes heaters suffered from the mild winter and the slow-down in the housing market.

The breakdown of profits was: engineering £727,000 (£1.1m); garden products £1.79m (£2.42m); insurance broking £954,000 loss (£269,000 loss); property £5.02m (£1.18m); shipping £2.91m (£2.12m).

Mr Roger Winter, finance director, said that the property sale and the sale of two vessels had eliminated gearing.

Earnings per share increased from 11.9p to 16.8p. A final dividend of 4.5p per share was declared, making a total of 7.5p (7.25p) for the year.

● COMMENT

This mixed bag of results was calmly received by Ropner's select band of followers and the shares inched down 1p to 111p. The company is family-controlled, which in these days of unbundling, perhaps explains the ecletic mix of businesses and protects it from the consequences of this year's expected fall in profits. The size of this fall will depend on many variables including weather, property sales and the housebuilding market but the company is confident they will exceed the 1988 total of £5.25m. Assuming they make profits of £6m, the shares are on a p/e of about 7. But given the company's generous yield of 9 per cent, shareholders have ample reason to stay with the company.

Conran vacates Storehouse chair

By Maggie Urry

STOREHOUSE, the retail group, yesterday announced that Sir Terence Conran was to step down from the chairmanship and would buy the Conran Shop in Chelsea and the right to use the Conran name, except in North America.

Storehouse is also selling the Conran Design Group (CDG), the design arm of Storehouse, to Roux Seguela Cayzac & Goudard (RSCG), a French communications group. Sir Terence will become joint president of RSCG's international design division.

Sir Terence will pay £3.52m for the Conran Shop, which operates from the Michelin Building in the Fulham Road. It sells exclusive furniture and goods with an emphasis on modern design. A deferred payment of up to £1m would depend on profits from the shop.

The shop made pre-tax profits of £506,000 in the year to end March and had a net asset value of £156,000 at that date. Sir Terence is buying the Conran name for £100,000 and will pay royalties to Storehouse over the next seven years.

The sale of CDG to RSCG is for an undisclosed sum exceeding the net asset value of £737,000. The total price could near £2m, depending on the volume of work CDG continues to do for Storehouse. About half of CDG's annual turnover of £8.8m is business done with Storehouse.

Arlen forecasts £0.5m

ARLEN, the electrical accessories and light fittings group which announced a merger with Highland Electronics in April, has forecast profits before tax and extraordinary items of £500,000 for the year to end-March.

The company is taking a £299,000 compensation payment to the former Arlen chairman – payble as a result of early termination of his service contract – as an extraordinary item. There is a forecast dividend of 3.3p a share for the year.

Highland, meanwhile, has said it expects a pre-tax figure of £675,000 for the year to end-April. Extraordinary charges here are expected to amount to £393,000 – almost half coming from a loss on the disposal of the systems and sub-contract divisions of the group and the balance from the costs of the offer.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interim- Cronite.
Finals- BMSS, Delyn Packaging, Forward Group, Guinness Mahon, Rock, Spear (J.W.), Towles.

FUTURE DATES

Interims-

Fairline Boats	May 21
Fundinvest	May 10
Honorbilt	May 8
Hotspur Investments	July 24
McCarthy & Stone	May 11
Morland	May 25
Tubular Edginton	May 8

Finals-

Ambrose Inv. Trust	May 8
Jarvis	May 8
King & Shaxson	May 10
New Ireland	May 14
Osborne & Little	May 11
Smith St. Aubyn	May 10
Stirling	June 18

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Davies & Newman ...fin	3.5	Aug 1	12.5	8	17
Glasgow Inc Tst ......int	0.6‡	Aug 31	0.4	-	3.45
Klark-Teknik § ....int	0.75	June 24	0.5	-	1.4
Leeds Group ....int	3	-	2.7	-	8.5
Propeller § ....fin	0.6	-	-	0.6	-
PWS Holdings ....int	1.3	July 16	1	-☆	2.5
Rathbone Bros § .....fin	5	-	4	8.6	5.5
Ropner ....fin	4.5	July 3	4.25	7.5	7.25
Wellcome ....int	1.5	June 21	1.3	-	5.05

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆Final of 1.7p forecast. ‡Second interim.

Package tour slowdown pushes Davies & Newman into loss

By Jane Fuller

DAVIES & Newman Holdings, which owns Dan-Air, plummeted to a pre-tax loss of £3.34m last year after the airline was caught between rising costs and depressed demand for package tours. In 1988 the group achieved profits of £9.92m.

The results sent the share price down 50p to 355p, compared with last year's high of 935p and with 775p as recently as January. The group is cutting its final dividend by 9p to 3.5p, making a total of 8p (17p).

The results come against a background of gloom in the charter airline industry. With holidaymakers constricted by high interest rates, package tour bookings fell by between 5 and 10 per cent last summer and it has been estimated that this year's decline could be 20 per cent.

In February, the heavily indebted British Island Airways, which was quoted on the USM, went into receivership.

Dan-Air is a much bigger concern. Mr Wilf Jones, finance director, said it had 17 per cent of the package tour market putting it second to Thomson's Britannia airline.

Apart from the economic pressures, Mr Fred Newman, chairman of the parent company, said the industry was undergoing restructuring prior to the 1992 single European market. His group was pursuing the possibility of greater co-operation with other airlines.

Mr Jones said that might take the form of cross-holdings between companies to create "stronger and bigger" groups. The number of small companies was expected to fall.

Last year, Davies & Newman's turnover continued to climb to £375.79m (£338.94m). Charter flights by the group's 28 jet aircraft generated £227m of turnover. The 4.5m passengers carried represented a fall of 1 per cent on the previous year in a market which the company said had declined by 7 per cent.

The scheduled operation grew from £75m to £105m carrying 1.8m passengers compared with 1.3m, with the business class being extended to more routes.

At the operating level the group lost £2.81m (£9.45m profit), despite a credit of £1.3m arising from a change in the spares accounting system.

This was redeemed by the sale of two airbuses and other smaller aircraft, yielding a surplus of £5.13m. But doubled interest costs of £7.35m and a £1.14m fall in profit from the associate company, Gatwick Handling, meant that last year's pre-tax profit was reversed by more than £13m.

Mr Jones said costs increased well ahead of inflation for fuel, navigation services and airport charges.

Prices in the charter market, however, stayed at the previous year's level because of overcapacity.

The shipbroking, travel agents and other activities contributed less than £1m in profit.

Mr Jones said high interest rates had hit the group because the airbuses had not been sold until late in the year.

Borrowings due after more than one year had been reduced from £62m to £42m, he said. The balance sheet had been strengthened by adding in a pensions bonus from accounting changes of £9.3m and a £4m surplus from a property revaluation.

As a result, gearing had been brought down from 200 to 100 per cent.

The loss per share was 31.3p compared with earnings of 94.2p last time.

Mr Jones would not be drawn on whether aircraft would need to be sold or refinanced this year. He said the company liked to keep equity in aircraft. "It helps in the winter months when we need short-term borrowings."

UB steps up European expansion

By Clay Harris, Consumer Industries Editor

UNITED BISCUITS (Holdings) has stepped up its expansion into continental Europe by taking majority control of Industria Confezioni Alimentari, Italy's second largest snacks group.

UB, Britain's leading biscuits and snacks manufacturer, paid about £11m to double its stake in ICA to 60 per cent.

The initial 30 per cent holding was bought in 1988.

ICA distributes crisps, snacks and nuts under the Crik Crok brand, which ranks second in Italy only to privately owned San Carlo.

UB plans to introduce Hula Hoops and Discos, two mainstays of its UK salty snacks range.

They will be sold under the Crik Crok label, but packets will also display the logo of KP Foods, UB's umbrella brand for snacks throughout Europe.

Institutions' chequebooks still closed

By Paul Cheeseright

INSURANCE companies and pension funds are holding back from investment in the property market at just the time every anxious developer would welcome their interest. Gossip has it that the institutions are waiting with their cheque books, ready to pounce, but, somehow, they are always coming yet never arrive.

There need not be any surprise at the reluctance of institutions to cure the credit hangover of the property companies by buying developments, thus lowering that menacing figure of £34bn which the Bank of England calculates is the total of bank lending to property companies.

The immediate reason, of course, is that they can obtain better returns on their money elsewhere. Property returns, after all, have been slipping for a year. The industry is stuck on the downward side of its cycle.

Nor are the prospects very encouraging over the next couple of years: rental growth will be restricted both by the slacker demand caused by a slower economy and by the increased availability of property coming from the late-1980s building surge.

Total returns started to slip in early 1989, after the exceptional years of 1987 and 1988, and, once trading and development have been included, came to 14.7 per cent for the year on an average institutional portfolio.

But this, noted the Investment Property Databank, is almost exactly the same as the annualised return on property for the whole of the 1980s. Returns, though, are continuing to slide as the downturn in the industry gathers pace.

"The one upward influence on institutional property investment which might be advanced is the past tendency of long term investors to buy in the downswings, at cheaper prices, and in periods when the equity markets are dull," suggested the IPD.

If there is any such buying then it seems more likely to come from the insurance companies. "They are more counter-cyclical. The pension funds tend to chase markets up and down," said Mr Rupert Nabarro, IPD's director.

Clearly there is something to be said for taking the long view. Although insurance companies performed worse than the institutional average last year, this was abnormal.

"Over the 1980s as a whole, insurance funds remain the most successful category among the property investors. For every £1m invested in 1980, they have generated a return of £2.4m, against £2m for the weakest category of investor, the pension funds," IPD reported.

And this higher performance runs across every category of property and in each geographical region of the UK. The counter-cyclical buying and a longer investment horizon have their part to play in this.

Yet the underlying patterns of institutional investment suggest that, with exceptions for funds which have traditionally preferred a heavier than average weighting for property in their portfolios, such counter-cyclical buying may be limited.

It is possible to reach this conclusion from the analysis presented by the IPD in its annual digest*, based on study of the investment performance of some 6,000 properties held in 112 institutional portfolios with a value of around £25bn.

What has become apparent over the 1980s is that property has lost its position as the *third pillar of the average institutional* investment portfolio, alongside domestic equities and gilt-edged stock. The relatively low level of returns throughout the 1980s until the shortlived surge in rents and values at the end of the decade was accompanied by a scaling down of property portfolios.

In the early 1980s the average property holding in an institutional portfolio was 18 per cent, but by 1986 this had been scaled down to 10 per cent. There was low capital growth and low net investment in property, but higher growth in equities and more diversification of portfolios.

The high capital growth of property in 1987 and 1988 took the proportion back to 12 per cent, but, last year, as capital values grew more slowly and net investment was at a low ebb, the average property weight in a portfolio, IPD estimated, came back to 11 per cent.

The average hides many different investment practices. Some funds have 8 per cent in property. Some have more than 20 per cent. But 12 per cent, said IPD, is a fair average of the weighting that the funds want to have in property.

"In 1990, as in 1989, there would seem to be little if any pressure on funds either to increase or decrease their net *property investment to maintain* their desired proportion of portfolios in property," IPD observed.

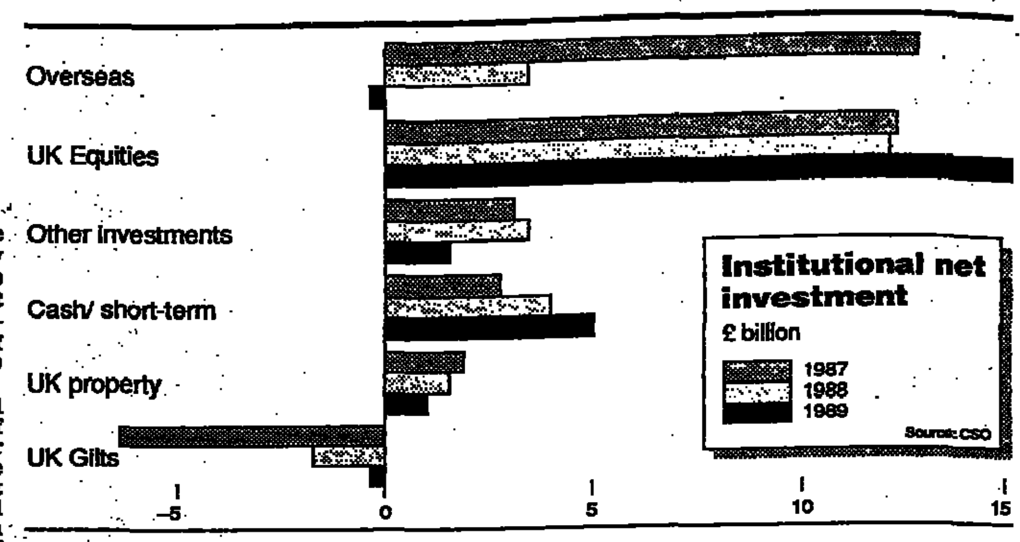
Further, there are practical considerations at play here. If the funds broadly have their property holdings at the weight they want them, it seems likely that they will extend the policy which emerged in the last years of the 1980s. This is a greater concentration on the development of their own holdings rather than purchases of somebody else's, a concomitant of a more active estate management which eschews simple rent-collecting.

In 1981-82, the institutions were spending more on development than they were on investment. By 1988 development expenditure had slipped to 25 per cent, but last year it rose sharply again to 42 per cent, with a strong emphasis on spending to improve existing assets.

* *The IPD Property Investors Digest 1990; Investment Property Databank, 7/8 Greenland Place, London NW1 OAP; £2,000 with updates and monthly index.*

TOTAL RETURNS (%)	Retail	Office	Industrial	All property
Year to March '90	4.4	14.3	21.5	10.9
Quarter to March '90	-1.2	0.1	1.3	-0.2
Month to March '90	-0.3	0.3	0.1	0.1

Source: Investment Property Databank



Investors stick to equities

THE high flow of institutional funds into equities rather than property, shown by the chart, is at least partly the expression of the longer term trend, throughout the 1980s, in yield movements between the two forms of investment.

The Investment Property Databank noted that "a decade which began with both property and equity yields hovering around 5.5 per cent to 6.0 per cent has ended with equity yields moving in the range of between 4.5 per cent and 5.0 per cent.

"In contrast, property yields have moved upward to end at 8.0 per cent, with only a brief and small downward shift in the boom years of 1987 and 1988, and now stand at their highest since the deep pit of the 1975 slump."

Indeed, it was only in 1987 and 1988 that property provided a higher total return, adjusted for inflation, than equities and gilts. Last year property underperformed equities but outperformed gilts.

Throughout the decade, IPD commented, equities provided an annualised real return of 14.4 per cent, while the real return of property was little better than that of gilts at 7.4 per cent.

Last year, institutional net property investment was little changed on the previous year, although the insurance companies recorded an increase over the high level of 1988 and the pension fund commitment fell under the low level of 1987-88.

The institutions were responding to the rise in the international equity markets and the rise of British interest rates, a response which led to the allocation of more funds to UK equities and the sale of gilts.

Paul Cheeseright

TECHNOLOGY

Smart card on trail of car thieves

A new smart card should make life tough for car thieves in France. The card is designed to replace conventional car registration papers, and to put police and Customs on the trail of stolen vehicles more quickly than has been possible before.

About 250,000 cars are stolen in France each year, and more than 50,000 are never recovered. Those 50,000, which cost insurers about FF2.5bn (£270m) annually, are the target of the new scheme.

The Ivoir card has been developed in conjunction with Argus, an economic interest group that represents about 90 per cent of the insurance companies operating in France. Argus looks for stolen cars with the help of a databank.

After a vehicle is stolen, the owner reports the loss to the Ivoir office, police station or Customs post. The information from the owner's card is transmitted through the Minitel videotex system to the Argos central computer in the south-west town of Pau to be checked for anomalies.

Police and Customs officers can tap into the system whenever they come across a suspect vehicle to obtain the details they need. "One of the problems in the past was that the information was not centralised," Francotte said.

The Ivoir card, with a 24 kilobit memory, contains all the necessary details and cannot be copied, he claims. Information that never changes – the car brand, model, 17-digit serial number and the date the vehicle left the factory – is embossed on the card and locked into a semiconductor.

Details that can change are fed into the computer system, but are not locked in.

Marketing of the card, which will also store vehicle maintenance and repair information, has just begun. Initial response has been positive, says Alain Francotte, Ivoir project leader. "The most difficult part of the scheme was to convince everyone involved," he explained. "The card has to fulfil a purpose for the police, Customs, insurers, car manufactrurers and the general public."

The card sells for FF250 to individuals.

Barbara Casassus

All go for the handy computer

Louise Kehoe reports on the potential market for pen-based systems that understand writing

In Silicon Valley there is talk that Go Corporation might become another Apple Computer or Sun Microsystems – the next company to become a big hit in the microcomputer industry.

Go, now two and a half years old, is developing a notebook-sized personal computer that "understands" handwriting. It has an electronic tablet and pen, rather than the traditional keyboard. Instructions or data are entered by writing on the tablet.

If the Go system lives up to expectations, it could be in the forefront of a new generation of PCs different enough from current products to draw comparisons with the introduction of Apple Computer's Macintosh six years ago.

Go is based in Foster City, California, just north of Silicon Valley. The company was founded by S. Jerrold Kaplan, formerly of Lotus, Robert Carr from Ashton-Tate, and Kevin Doren, an engineer who previously worked at Equinox, a Florida communications company. It now has about 70 employees and has raised $15m (£9m) in venture capital.

Although Go has yet to launch its first product, or even to confirm officially its development plans, there are already high expectations of the company which it must live up to.

Adding zest to the excitement surrounding Go is the prospect of competition. Momenta, another ambitious Silicon Valley start-up company formed just seven months ago, is planning to launch a pen-based computer product in the slipstream of Go in anticipation of the market taking off in a year or two.

Details of Go's "pen-based" computer are supposed to be a closely guarded secret but dozens of software developers, computer systems companies and others have seen demonstrations of prototypes of the product and inevitably word is leaking out.

The Go product is expected to be introduced in the autumn, at a price of about $4,000. It is said to be based upon an Intel 286 microprocessor and to have solid-state memory chip data storage, rather than disk drives, and to weigh about four pounds.

According to those who have seen demonstrations, the Go system can understand "cursive printing" – upper and lower case letters written in a cursive style but not joined. This represents a significant improvement over the current state of the art.

Go will not be first with a pen-based computer. Grid Systems, a pioneer of the portable computer market, has beaten Go to market with its Gridpad, introduced in the US five months ago and already selling strongly. "Gridpad has created a whole new class of computers for people who fill out forms while standing or walking around," says Ken Dulaney, director of advanced systems marketing.

The Gridpad can read only printed capital letters, but even this ability is proving to be a significant breakthrough. Customers for Gridpad include the Southern Pacific Railroad,

Eagle eye

which plans to equip train conductors with the pen-based portable computers to help automate goods train switching.

Best Foods Baking Group will equip its delivery drivers, who stack supermarket shelves with bread and muffins, with about 1,000 Gridpads. By filling in pre-designed forms on the Gridpad screen, the bakery drivers can keep inventory of their cargo, record new orders and transfer data to the company's mainframe computer for billing.

Grid is focusing initially upon specialised markets for its pen-based notebook computer, "but this is just the tip of the iceberg," says Dulaney.

The key issue facing Grid, Go and Momenta is to encourage third-party software publishers to develop programs for their new computer products.

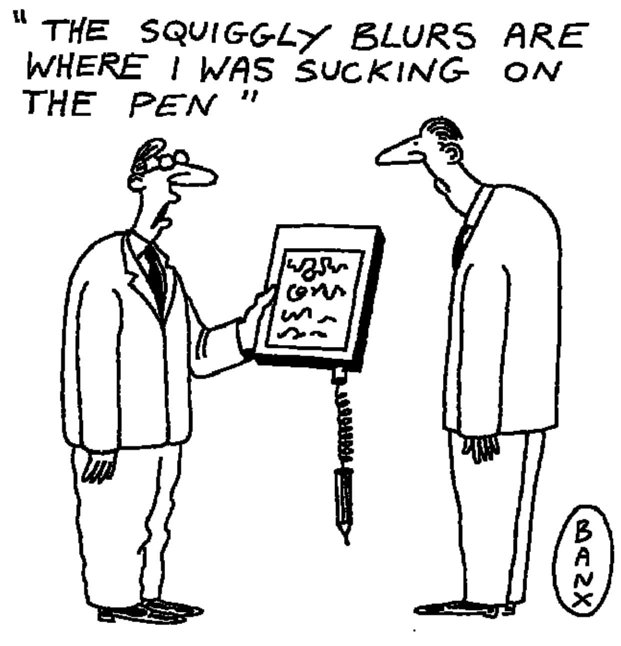
Grid's strategy is to maintain compatibility with standard desktop personal computers by using the popular Microsoft Dos operating system for Gridpad. In contrast, Go believes that the pen-based computer represents an open field in which new standards can be established.

Both companies are competing for the attention of major applications software developers. There is less risk for the software company, Grid claims, in developing an MS Dos program. Yet if Gridpad should flop, there are currently no other MS Dos compatible pen-based computers.

Several Japanese companies including Canon, Toshiba and Sony offer pen-based notebook computers, but these are designed to read Japanese characters which are separate and more formalised than western writing and therefore easier for a computer to recognise, says John Rizzo, vice president of marketing at Momenta.

US computer manufacturers also see the "electronic tablet" as a potentially important new kind of computer interface. Apple, Wang, AT&T and Xerox are among those reported to be working on handwriting recognition, although none is expected to launch a product in the near future.

IBM's interest in pen-based computer interfaces may be keener. It is understood to have acquired rights to aspects of Go's technology. IBM's intentions are not clear, but in a recent interview John Armstrong, IBM vice president for science and technology, praised Go's product as "a very nice (computer) paradigm for the notebook."



IBM's own researchers have developed handwriting recognition software that is "absolutely the state of the art," Armstrong stressed. "I hope that eventually IBM will have a product with an electronic tablet." Whatever the terms of IBM's arrangement with Go, the mere mention of a link with the world's largest computer company has lent credibility to Go and focused more attention upon the fledgling company.

There is something captivating about a computer that does not require the user to type on a keyboard. It removes a significant barrier between man and machine and opens up the possibility of a wide range of new uses for computers:

- The clicking of a keyboard is socially unacceptable in business meetings, but it is quite suitable to scribble on a notepad, or an electronic tablet perhaps.
- A doctor making hospital rounds might not want to take the time to transcribe scribbled notes on to a computer terminal, but he or she could update a patient's file by writing on an electronic notebook while walking from bed to bed.
- Salesmen might want to jot down details of a customer's order without interrupting the flow of conversation, and executives who eschew the keyboard as a clerical tool might be drawn to the electronic notepad as a device more in keeping with their station.
- Generations of European professionals who lack formal training in typing might find it easier to jot down notes with an electronic pen than to "hunt and peck" on a computer keyboard.

The possibilities seem endless. Yet it is difficult to estimate how popular a general purpose pen-based computer will be until somebody tests the market. This may be Go's role. In doing so it may establish itself as a recognised leader – or it may uncover problems which later entrants can correct.

Still to be determined is how users will react to the restrictions forced upon their writing style by the electronic tablet. Is it too much to ask people to print clearly?

Similarly, computer makers need to know how the "feel" of an electronic notepad will affect sales. If the glass tablet is scratchy or the electronic pen unwieldy, the initial appeal of the product might quickly fade.

And what value will consumers see in a computerised notebook that costs about 1,000 times more than a simple paper pad and pencil? The answer will depend largely upon the availability of popular applications software designed to take advantage of the pen interface.

Perhaps the greatest challenge facing Go, Grid, Momenta and others in the emerging pen-based computer market is to contain expectations. Judged on its merits, the electronic notepad could be a significant new type of computer interface. Billed as something that will quickly change the way most people use computers, it is doomed to failure.

The flight of a fancy chip

It is somewhat paradoxical that the speed of some of the most powerful hardware and software engineering, from personal computers to mainframes, is constrained by a common mechanical device, the hard disk drive.

Hard disks store information magnetically on rotating platters impregnated with a material similar to that found on audio or VCR recording tape. A mechanical head mechanism must be moved across the platter to seek out the desired bit of information. Typically the average time to find a given bit in a high performance hard disk drive is around 15 milliseconds.

That contrasts unfavourably to microsecond access times of solid state memories. Until recently, however, the cost of storing large amounts of information in solid state memory was prohibitive.

At the Which Computer? Show in Birmingham last week NEC introduced the first solid state mass storage devices available on top end personal computers used in local area networks and multi-user systems.

NEC's SemiCon mass storage uses dynamic random access memory chips (D-Rams) that connect to the host computer system through SCSI, the small computer system interface. NEC is taking advantage of the easing of D-Ram prices to bring this technology to market.

Speed is a primary advantage of this still rather expensive arrangement. The sub-millisecond access time allows more users to extract data from storage with an acceptable response time. This allows sharing of the expense over a larger number of users or upgrading a "file server" already in use but suffering from declining performance.

NEC is not alone in pursuing fast mass storage access using solid state memory. Vermont Research Ltd of Leatherhead, Surrey, is employing a similar approach using D-Rams. Vermont sells direct to end-users such as the Ministry of Defence and minicomputer makers. It has recently signed an agreement with ESS of Leeds, a dealer for Digital Equipment Company, to provide fast storage for DEC minicomputers. Negotiations are also under way to equip ICL, Data General, Sun Microsystems, Hewlett-Packard, Plessey, GEC Marconi, Ferranti and IBM mid-range systems with their solid state accelerator drives.

While the Vermont and NEC systems are roughly similar, a different approach, called Wafer Stacks, is being advanced by Anamartic, founded by Sir Clive Sinclair. The development relies on wafer-scale integration, where an uncut silicon wafer is used as a single integrated circuit.

Normally, semiconductors such as microprocessors and memory chips are mass produced on silicon wafers about six inches across. They are then diced up into flea-sized bits which are then tested individually. Often a significant fraction is unsatisfactory. The NEC and Vermont solid state devices begin as a whole wafer, are cut up, tested, individually packaged and put back together to form the mass storage unit.

Wafer Stacks do not require special fabrication techniques or physical modification of the wafer after production, thereby saving a number of labour intensive steps. This means that the technology could possibly be used with the semiconductor production facilities already in place.

Anamartic uses software to establish connections on the wafer and then tests the die for bad bits. The software bypasses parts that fail completely and scavenges the good parts of chips where only a few memory cells are bad. Moreover, the software continues to run diagnostic routines while in use so that if any part of the memory deteriorates it can be switched out and replaced by a good area held in reserve.

The 40-megabyte Wafer Stack module costs $11,680 (£7,100) in single units. Plans are under way for a Wafer Stack with 160-megabyte capacity. Anamartic expects the cost of storage to drop to $100 per megabyte – far less than the cost of current solid state mass storage devices.

Paul Lavin

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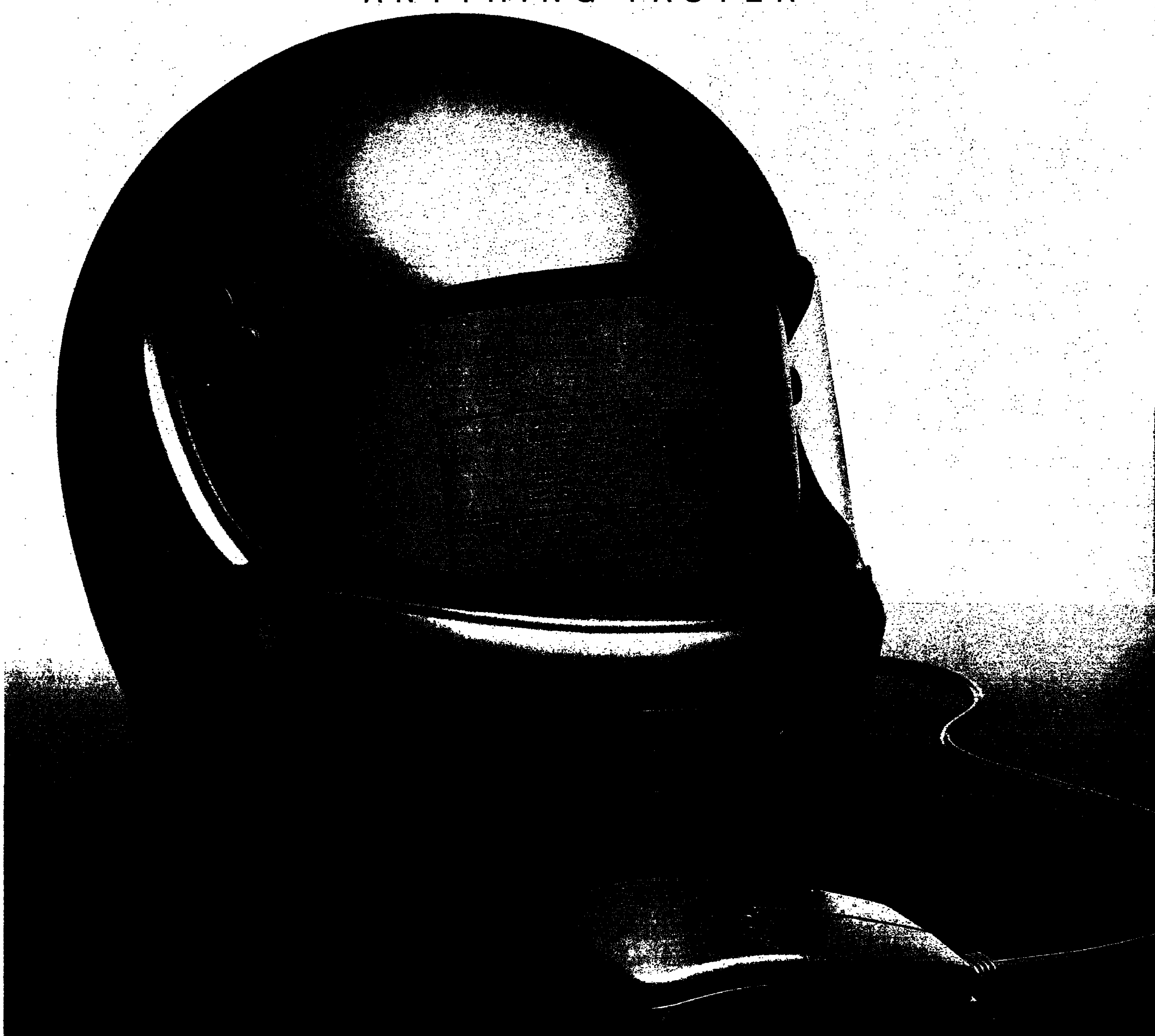


FOR THOSE WITH A NEED TO BE FIRST

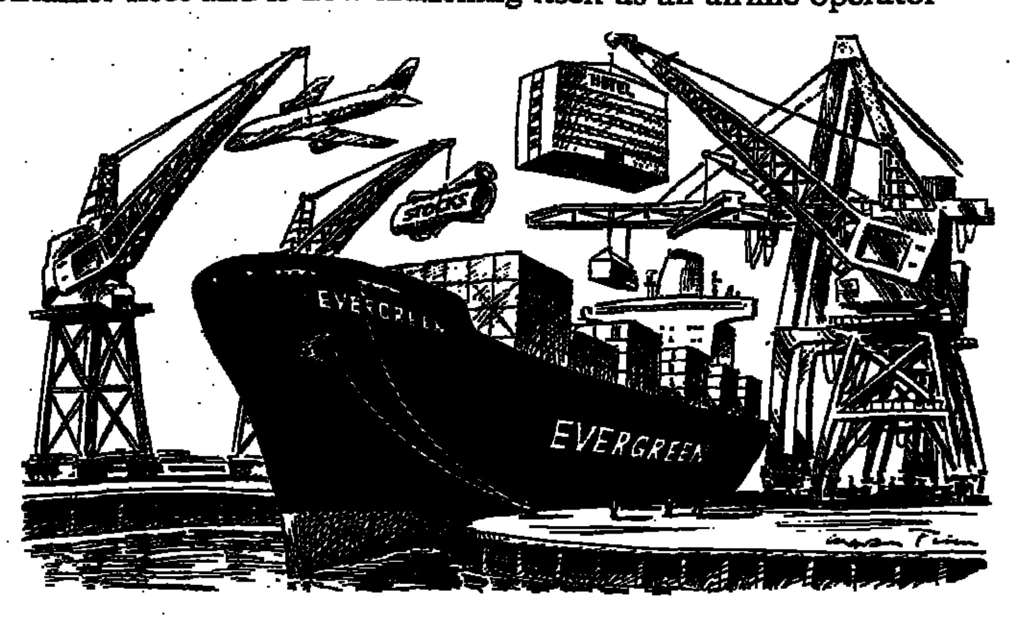
REUTERS

MANAGEMENT

Creating an industrial dynasty

Where green signals growth

John Elliott examines the ambitions of Taiwan's privately-controlled Evergreen group, which embraces the world's largest container fleet and is now launching itself as an airline operator



Green is the favourite colour of Y.F. Chang, who in the past 22 years has astounded the international shipping industry by bucking trends and building up from scratch the world's biggest container fleet. The Taiwan-based Evergreen group now has 65 ships totalling 2.16m dead weight tonnes and turnover last year estimated at T$25bn (£581m).

In various shades, the colour pervades the company: from the tiles on the outside of the Taipei headquarters, to desks, chairs, filing trays, jackets of the women staff, and even emerald dividing panels between the gents' urinal stalls.

But probably the most visible are the bright emerald cargo containers which have become a familiar sight on the world's major sea routes. Now the corporate colour is about to be adapted for a new airline.

Within a few weeks a distinctive livery with an almost bluish dark green stripe is to be announced for Eva Airways, which is being launched with a $4bn-plus investment by Y.F. Chang, Evergreen's 63-year old founder chairman.

Eva Airways is the major plank of a diversification programme, begun 2½ years ago, which marks a period of change and opening up for the group. Individual companies within the group have also started going public at a rate of one every year or so.

Hotels, stockbroking and industrial ventures are included in the diversification, mostly in Taiwan and other parts of Asia. But ambitions to move into mainland China will not be realised till barriers between the two are removed.

This new approach requires a softening and broadening of the secretive image traditionally adopted both by Chinese entrepreneurs and ship owners. So the headquarters' doors are being opened a little to the outside world and even the startling green of the ship containers is being calmed down for the aircraft livery.

Chang Yung-fa (to give him his full Chinese name) shuns publicity, and the family's wish for secrecy and personal privacy increased three months ago when the second son, K.M. Chang, who is in his early 30s, was kidnapped for a T$50m ransom. This was the highest demand made in Taiwan's recent spate of kidnappings – but was paid. After the son, who runs the group's computer services and software company, was returned home, the kidnappers were caught and have been sentenced to death.

The group has a reputation for being a ruthless but efficient operator, skilful at bending international shipping rules to its own advantage. But K.H. Chang, the eldest son who, at 35, is president of the main Evergreen Marine shipping company, brushes that aside when asked for the secret of Evergreen's success.

"It's teamwork and time management," he says. "As a young company we have not had the burden of history on the way we run our ships and we have a very tight management. Even the president and chairman know all the details of the shipping. When I go out to meet a company I have all the figures in my head and I can take instant decisions while they [the company] have to refer back to experts and committees."

Another factor is extensive Japanese financial backing. Marubeni, the large Japanese trading house, has been the main backer since chairman Chang (as the founder-father is known) started in 1968 with a second-hand 10,095 dwt freighter. Along with Japanese banks, notably Takugin which is part of Hokkaido Takushoku, it has financed most if not all the shipping ventures, according to Chang.

But Chang says that European banks are now becoming more interested and competitive; they have recently financed new containers which the group manufactures and purchases at an annual rate of about 15,000-20,000 teu (20ft-equivalent container units).

The full extent of the Japanese involvement is not known although Chang says they do "not yet" have a direct equity stake (apart from a construction joint venture) because of limitations on foreign purchase of Taiwan stocks.

In 1986 Chang decided, according to his senior executives, that his shipping business should be kept within a "certain size" and that the company should concentrate on consolidation, aiming to improve service and quality on its regular runs which include 77-day round-the-world routes.

"I don't want to be the number one in the world – once you are number one you are the major target for everyone, and shipping is a very dirty business," says K.H. Chang. He admits that "in terms of capacity on board we are the biggest," but would prefer to be "the number one in terms of service."

Competitors suspect that this means the Chang family has decided to let growth come from the collapse of competitors rather than from its own expansion. The group is believed to have had serious financial problems in the mid-1980s, but little is known about how these were solved – unless, as is sometimes suggested, money was raised through quick profits on Taiwan's booming stock market.

No ships have been delivered since 1988, though specifications for a new "post-Panamax" 4,500 teu generation of perhaps eight or nine vessels is being evaluated. The first are likely to be built in Japan, followed by some in Taiwan. "If the price is right we might order by the end of this year," says Chang.

The family has four shipping companies. Two of them, Evergreen Marine Corporation (Taiwan) and Uniglory Marine Corporation are publicly quoted which means they are the only Chang operations so far to lift their corporate veil and publish figures. These two companies' ships are registered in Taiwan.

Evergreen Marine (Taiwan), 70 per cent owned by the Changs, operates international routes with 34 container ships of up to 3,400 teu, all with "Ever" names ranging from Ever Trust to Ever Glowing. It has reported net operating profits of T$1.66bn on turnover of T$25.83bn for last year (down from T$2.33bn profits and T$26.07bn turnover in 1988 because of a slump in European rates).

Uniglory Marine Corporation, 49 per cent Chang-owned, was started in 1984 to focus on fast-growing Asia-Middle East routes and operates nine smaller container ships of up to 900 teu. It had net operating profits of T$261m on turnover of T$4.4bn last year.

There are two other privately owned shipping lines, Evergreen International SA and Uniglory Marine SA, which run 22 mainly Panama-registered ships. Their ships are the same size as those of their quoted namesakes, which means that approximately 50 per cent can be added to the public company figures to give an estimated total of T$25bn turnover for the Chang shipping operations.

At the top of the group, which includes 20 companies with 6,000 employees, is Evergreen International Corporation. It is wholly owned by Chang and acts as a service and co-ordinating company for the group, but does not have a direct stake in operating companies. There are also two wholly-owned group financing companies, Evergreen Investment and Evergiant Investment, which do have stakes.

The diversification programme is basically aimed at generating growth outside shipping, but within fields that the Changs know about. This has led them into other transport and travel areas with Eva Airways, six hotels planned in Asia and the US, a possible air cargo warehouse at Taipei international airport, and back-up industrial ventures.

The only totally new area is Evergreen Securities Corporation, an integrated brokerage which Chang established last September with local partners and T$3bn registered capital to cash in on the country's money-spinning, though chaotic, securities industry.

The group entered heavy industry in 1982 with Evergreen Heavy Industrial Corporation; it started by repairing containers and now manufactures them along with structural steelwork for Taiwan's booming construction industry. The Changs have just entered this market with a 60 per cent stake in a Japanese joint venture called Evergreen-Konoike buildings.

But Taiwan's escalating labour and land costs, and its increasing trade union problems, have led Evergreen to build a T$2bn factory in Malaysia, due to open shortly. It will take over the container manufacturing and more than double annual capacity output to 110,000 teu, leaving the Taiwan plant to specialist container manufacture and the structural steelwork.

In Taiwan, the most significant industrial diversification is Evergreen Superior Alloys Corporation, due to start producing next year an annual capacity of 80,000 tonnes of specialist steels. It might also move into other special metals which would help it to cash in on manufacturing Taiwan expects to receive from off-set arrangements on Eva Airways' aircraft purchases.

The world's aviation industry was sceptical and even scornful when Evergreen International announced last year that it was setting up a new airline and that, without any facilities or experience, it was placing firm orders and options with Boeing and McDonnell Douglas of the US for 26 aircraft costing up to $3.5bn.

Now there is less room for doubt about the viability of Eva Airways – a compromise name chosen because there is already an Evergreen Airways in Oregon, US, owned by an operator who refused to sell. "We did a miracle in shipping – why not in aviation too?" asks Frank Hsu, Eva's president, referring to Evergreen's rapid container shipping growth.

He says he hopes that highly profitable regional air routes in Asia will enable Eva to buck the normal trends for airline start-ups and "break even maybe after two or three years."

Over 500 staff have been hired and are being trained with international airlines.

Japan's Marubeni trading house and Takugin bank are drawing up financing arrangements for a total investment of over $4bn. This includes the $3.5bn aircraft orders for delivery from 1992, plus two initial Boeing 767s to be leased next year from Guinness Peat Aviation, and ground installations.

"Taiwan law dictates that we must buy new aircraft, so we have to wait for them to become available," says Hsu. "It is a very stupid law but it will of course give us a good public image."

The main financing package will be a mixture of outright purchase and buy and lease-back deals supported by low interest loans from Taiwan's industrial development institution, the Bank of Communications. Offset arrangements, possibly worth $200m-300m, are also being negotiated.

Eva had hoped to start business this month with Lauda Air of Austria flying into Taiwan to launch a Vienna-Taipei service under a joint venture arrangement. But the Taiwanese government refuses to register an airline until it owns an aircraft; regulations preclude joint ventures.

So Eva cannot operate as an airline till the first of the Guinness Peat 767s arrive next March. This aircraft will serve Austria as well as destinations such as Singapore, Vietnam, Thailand and Malaysia, where air traffic rights have been obtained. Other destinations such as Japan and Hong Kong have yet to be negotiated.

Since Taiwan is not internationally recognised as an independent country the airline will try to avoid diplomatic problems by not painting Taiwan's flag on the aircraft. The company hopes this will open up destinations denied to Taiwan's government-owned flag carrier, China Airlines.

Because of the diplomatic problems, air traffic rights are being negotiated in Asia, Europe and the US either by official government representatives or by semi-official trade representatives, plus some direct negotiations between Eva and other airlines.

EVERGREEN GROUP MAJOR COMPANIES

COMPANY	FORMED	EQUITY STAKES*		CAPITALISATION
Evergreen International (group services)	1984	100% Chang		
Evergreen Marine (Taiwan) (international container shipping)	1968	70% Chang 30% public & employees		T$10bn paid up
Evergreen International SA (international container shipping)		100% Chang		Not known
Uniglory Marine Corp (regional container shipping)	1984	43% E.Marine 57% public & employees		T$0 8bn paid up T$1bn this year
Uniglory Marine SA (regional container shipping)		100% Chang		Not known
Eva Airways (planned airline)	1989	70% Chang (incl small execs %) 30% E.Marine		T$10bn registered T$2.5bn paid up
Evergreen Container Terminal (operates terminals)	1985	65% Chang 32% E.Marine 3% Uniglory		T$1.5bn paid up
Evergreen Heavy Industrial+ (manufactures containers etc)	1982	80% Chang 20% E.Marine		T$1.2bn paid up
Evergreen Superior Alloys+ (to manufacture specialist metals)	1988	80% Chang 20% E.Marine		T$1.5bn paid up
Evergreen Transport (road haulage)	1973	71% Chang 29% E.Marine	*(Plans to go public this year)*	T$0.4bn paid up

* Chang family interests in various companies include stakes through privately owned Evergreen Investment and Evergiant Investment. + Heavy Industrial and Superior Alloys are expected to be merged soon.

Opec reductions pledge fails to impress market

By Steven Butler in Geneva

A BIG cut in oil production promised yesterday by the Organisation of Petroleum Exporting Countries failed to impress the oil market, where prices fell steeply. Thirteen Opec oil ministers meeting in emergency session in Geneva pledged to cut Opec output immediately by 1.445m barrels a day from April output levels of 23.5m b/d.

However, the oil markets were disappointed at the size of the cuts and sceptical that countries would keep to their pledges. Although oil prices initially rose on announcement of the agreement, prices quickly turned down.

Brent oil for June delivery closed off 67¼ cents at $16.75. At the New York Mercantile Exchange, the June futures contract for West Texas Intermediate crude was down 52 cents to $18.16 in midday trading.

The size of the price fall caught Opec delegates by surprise. They said the agreement was the best that could be expected, and that bigger cuts in output might draw too much crude out of the system.

Mr Sadek Boussena, the Algerian minister serving as Opec president, said members did not sign any agreement, but he expressed confidence that the cuts pledged would be carried out because all Opec members wanted higher prices.

All 13 Opec members have agreed to contribute at least some cuts in production, including those producing below production quota levels agreed at last November's ministerial meeting.

Saudi Arabia and Kuwait are to make the biggest reductions, of 430,000 b/d and 400,000 b/d respectively. This is aimed at bringing production in line with agreed quotas.

However, the United Arab Emirates, a persistent cheat on its quota, has agreed to reduce production by 200,000 b/d. The UAE dissented from the last Opec agreement and produced what it wished.

Mr Boussena said UAE involvement made the new agreement more credible. "The difference (with the last agreement) is that the Emirates is now under the umbrella of the (production) ceiling," he said.

However, apparent inconsistencies in the agreement emerged quickly. Mr Mana Saeed Otaiba, the UAE minister, said the UAE would cut production to 1.9m b/d, but most observers believe the UAE is producing less than 2.1m b/d today.

The agreement was finely crafted, and emerged after two days of intensive negotiations.

Kuwait and the UAE came under heavy pressure to make firm pledges to cut output, but apparently agreed only after all Opec members offered to chip in. For other producers, this makes the agreement effectively a trade of production for a higher price.

Iran, Iraq, and Algeria, which are producing below their quota, agreed to cut by 20,000 b/d each, while Indonesia is to cut 40,000 b/d.

If the production cuts are carried out, they would take about six weeks to affect physical supplies, which are brimming over.

The agreement is a temporary measure to carry Opec over to its regular ministerial conference, which was postponed until July 25.

Mr Boussena stressed the pledges would not prejudice the discussion at that meeting, which would decide on production quotas, the production ceiling, and the reference price for the rest of the year.

Mr Fawzi Shakshuki, the Libyian minister, said he expected the meeting would be a difficult one.

April and May are traditionally weak months for oil demand, which is expected to pick up by June as refineries produce petrol for the summer driving season.

Screwworm threatens livestock, warns UN

By Bridget Bloom

LIVESTOCK in Africa, southern Europe and Asia could be in danger from a destructive parasite known as the New World screwworm unless immediate action is taken to eliminate it from Libya, the UN's Food and Agriculture Organisation has warned.

The screwworm, a parasite of all warm-blooded animals including man, is the most destructive pest of livestock in the Americas, where it is now largely under control. FAO believes it was carried to Libya through an infested animal brought from South America more than a year ago.

For the time being, the pest is confined to an area of some 18,000 sq km, 30km south of Tripoli and 60km east of the border with Tunisia. Stressing that the screwworm has never before established itself outside the western hemisphere, FAO director-general Edward Saouma said if it were not swiftly eradicated "it will spread throughout Africa to the Middle East, southern Europe and eventually into Asia."

The FAO estimates that it would cost $84m over two years to eradicate the Libyan infestation, against at least $250m if it got a hold in the five countries of North Africa alone. "Costs of further spread are incalculable," the FAO says.

The screwworm, cochliomyia hominivorax, ("devourer of man") is a dark blue-green fly with orange eyes, somewhat larger than a housefly. The female lays eggs in wounds as small as tick bites. The larvae eat deeply into living flesh and the host, unless treated, usually dies.

The only method of eradicating the screwworm is by the sterile insect technique: the female, mating with a sterile male, lays eggs that do not hatch, breaking the life cycle.

Sterile flies are only produced by the Mexico-US Screwworm Eradication Commission, which has now been authorised to sell the fly to the FAO.

FAO says it is to alert donors to the need for emergency funds at a special consultation in Rome on May 18. So far less than $10m has been spent, principally by the Libyan Government.

"It is still technically feasible to eradicate the screwworm, but once it becomes established in tropical Africa that will be impossible at any price," Mr Saouma said.

Humans, especially infants and the aged, are at risk from the screwworm when they are weakened by malnutrition.

EC agrees plan to aid rural regions

By Tim Dickson in Brussels

A FIVE-YEAR plan to spend just over Ecu2.6bn ($2.15bn) on helping the European Community's rural regions was finally agreed yesterday in Brussels.

The initiative, which runs from 1989-93, has its roots in the reform of the three EC structural funds in 1988 when new economic and social spending priorities were first laid down, as well as in the Commission's report of the same year on the future of rural society.

At the heart of the philosophy spelt out in that paper was a desire to counteract the adverse impact on the more vulnerable farming communities of cutbacks in the Common Agricultural Policy (CAP), and to stem the likely exodus of rural workers towards work in the cities.

The significance of yesterday's announcement is that the Commission has now in principle approved details of 44 so-called Community Support Frameworks in the regions eligible for rural development (or "Objective 5b") assistance. The measures envisaged are focused on clear geographical blocs, with an emphasis on the development of primary sectors (agriculture, forestry and fisheries); the development of other sectors, notably small- and medium-sized businesses, tourism and recreation; infrastructure; and human resources and training.

An added bonus for Mr Raymond MacSharry, the EC's Agriculture Commissioner, is the agreement in Brussels this week of an additional Ecu400m tranche from the structural funds to be spent on rural development as a complement to the CSFs. This money will also be available in the most depressed EC regions (so-called Objective 1) and is being earmarked for projects including farming diversification and new technology investment.

The lion's share of the CSF funds (Ecu960m) has gone to France, with Germany (Ecu525m), Italy (Ecu385m), the UK (Ecu350m) and Spain (Ecu285m) getting most of the rest.

● Mr John Gummer, UK Minister of Agriculture, has told Parliament that Britain does not support the measures agreed in last week's farm price package aimed at aiding small producers, writes Bridget Bloom.

The measures – which are different to those agreed yesterday as part of the EC's structural programmes – involve special aids to small producers in the the arable and livestock sectors. They will cost some Ecu367m over two years.

The measures were relatively expensive and did not look forward to the viable and efficient agriculture which the farm ministers were charged with promoting, Mr Gummer said. He hoped that the aids would be limited, and not repeated in subsequent years.

Diamond venture taken off ice

Kenneth Gooding on the resurrection of an Indonesian mining first

INDONESIA'S FIRST diamond mining project, stalled for the past three years, has been brought back to life by a new management team and now seems almost certain to be in production within two years.

The miners expect to dredge about 120,000 carats of gem diamonds a year out of swampland about 45km from the port of Banjarmasin in south-east Kalimantan.

They intend to by-pass De Beers' cartel, which accounts for about 80 per cent of world trade in rough (uncut) diamonds, and deal directly with merchants in Antwerp, Belgium, who will sell the stones internationally on a commission basis.

The company managing the project, formerly called Acorn Securities but which last week changed its name to the Indonesian Diamond Corporation, estimates US$24m is needed to bring the mine into operation. The new management team, headed by Dr Bob Nicolls and Mr Stan Bagnall, who both have long experience of mining in the Far East, is currently on a world tour raising the rest of the required cash.

Acorn, a small company quoted in Perth, Australia, had spent $6m on exploration and a feasibility study when its operations were brought to an abrupt halt by the stock markets crash of October, 1987.

Eventually it found a "big brother" to be its partner: BP Minerals, part of British Petroleum, which agreed to put up an initial $6m for a half share in the project. Only two days after signing the deal, BP announced it was to sell BP Minerals to the RTZ Corporation, and the Indonesian project went on ice again while RTZ took a close look at what it had acquired.

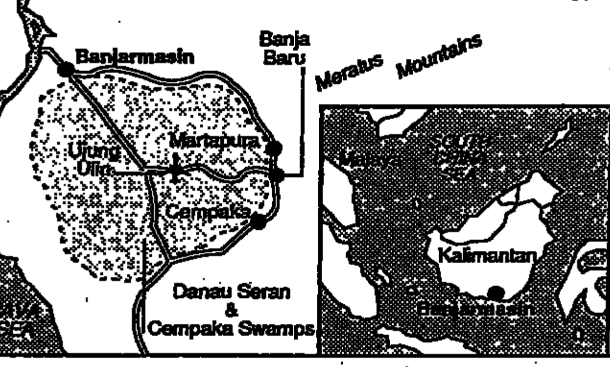
RTZ pulled out of the deal in December last year, saying it was not satisfied with the terms of the assurances given by the Indonesian authorities about the so-called Contract of Work needed before mining in Indonesia could begin.

However, Mr Bagnall, who helped to negotiate the deal on behalf of BP Minerals – he was that company's representative in south-east Asia from 1981 and in 1986 moved to Jakarta as chief executive of BP Minerals Indonesia – believes there were other reasons. He suggests RTZ was reluctant to move into a geographic area usually left to its Australian associate, CRA, particularly as the Kalimantan diamond project was a relatively small one for RTZ, the world's largest mining group.

But, Mr Bagnall points out, the project offers tremendous opportunities for a small mining group. This is also the view of Dr Nicolls, formerly with Selection Trust, then, after a takeover by BP, with BP Minerals International where he became manager of western hemisphere operations. Since 1985 he has established his own international consultancy.

Dr Nicolls says the Kalimantan diamonds can be recovered at the cost of about $60 per carat whereas a recent valuation by a London expert placed an average price of $223.65 a carat on a sample parcel of stones from the deposit.

However, as Barclays de Zoete Webb Australia points out in documents connected with an IDC share placing, mining is a high-risk business and "there can be no guarantee as to timing or quantum of returns."



Bob Nicolls
Chairman of Indonesian diamond corporation

Proven reserves of the Kalimantan project are sufficient for 2½ years, while it has a potential life of more than 20 years, according to a full feasibility study by Alluvial Dredges of Paisley. This study currently is being independently audited in connection with a $10m bank loan IDC is also raising.

Dr Nicolls says IDC will be able to steer clear of dealing with De Beers' cartel partly because the project is unlikely to upset the balance of supply and demand in the diamond market, and partly because the stones are of a type which is immediately attractive to merchants.

So far 80 per cent of the stones have proved to be "sawable," which means they do not lose much material during cutting and polishing. And most of the gems are in the popular size range between 0.3 of a carat to 1 carat.

Dr Nicolls was appointed chief executive of IDC and Mr Bagnall became chief operating officer last week after shareholders also approved the change of name and gave the go-ahead for the share placing to raise A$20m. IDC hopes eventually to obtain a listing on the Jakarta stock exchange.

IDC owns 65 per cent of the Kalimantan venture but must provide 100 per cent of the finance required – much of it needed to buy and refurbish a huge, second-hand, 26 cubic foot bucket line dredge and its associated infrastructure. PT Aneka Tambang, a state-owned Indonesian company, has 20 per cent of the venture. The rest is held by a privately-owned UK company called Keymead, in which IDC's chairman Mr Bill Shaw has a interest.

The Indonesian authorities have indicated they will approve the Contract of Work within three months of the finance being raised. In the meantime, cash raised via the placing will go into escrow and will be returned if the contract does not materialise.

Cocoa balance 'more probable'

By David Blackwell

A MORE balanced cocoa market is no longer a distant possibility, but rather a near term probability, according to Gill & Duffus, the London trader.

"Low prices are starting to impact upon the cocoa economy, engendering healthy growth rates in cocoa consumption and lower world production," says the trader in its latest cocoa market report.

Gill has reduced its forecast for this season's world cocoa surplus to 164,000 tonnes from a February forecast of 205,000 tonnes. This compares with a revised figure of 377,000 tonnes for the 1988-89 season.

The forecast follows last week's estimate of a world surplus for 1989-90 of 154,000 tonnes from the International Cocoa Organisation.

Gill has left unchanged from February its forecast for world grindings at 2.21m tonnes, attributing the fall in the predicted surplus to a reduction in output.

While weather conditions have not been as good for most producers as they were last season, they have not been bad enough to explain the reversal of eight years of production increases. However, "in response to the fall in cocoa prices, growers have curtailed expansion plans and reduced their use of inputs such as fertiliser," says the report.

The crops in West Africa, including the Ivory Coast, have been revised downwards, as have those of Malaysia, where some estates have diversified out of cocoa and farms on marginal land have been left untended.

Indonesian production, however, has been revised upwards.

While the fundamental change in the picture is promising, the report says it is far too early to revise price expectations, pointing out that projected stocks, at 1.85m tonnes, are of record proportions. It warns against premature optimism as the adjustments to production are "still at an early stage."

LME calls in copper traders' cards

AN OPTION-related squeeze in the London Metal Exchange's flagship copper contract has prompted the LME to call in traders' dealing cards today for scrutiny by senior members of the secretariat, writes Kenneth Gooding, Mining Correspondent.

Traders said the LME wanted to satisfy itself that the unusually high premiums paid recently for copper for delivery in mid-May were the result of genuine supply tightness and not market manipulation.

Mr Martin Abbott, the LME's director of marketing, said there was "confusion and some fear" about the options declarations and the LME was to use the mechanism available to ensure nothing was amiss.

The move met with some criticism and there were suggestions that the LME executive had recently been over-eager to appear vigilant whenever anything unusual occured in the market.

"Speculation is an integral part of LME trading and manipulation is only a sophisticated form of speculation," said Mr John Harris, of Rudolf Wolff, the commodity broker.

WORLD COMMODITIES PRICES

MARKET REPORT

ALUMINIUM prices continued to drift on the LME yesterday, with three-month metal closing at the day's low of $1,505 a tonne. Traders said the market was devoid of news to encourage fresh interest. A break through the $1,500-a-tonne level could signal a drop to $1,450 a tonne. Talk of a 10,000-tonne rise in LME aluminium stocks today seemed to come as no surprise. Copper prices closed firmer in cautious trading because of the uncertainty over nearby supplies. Warehouse stocks are low and some traders are forecasting further shipments out. But others expect the high cash premiums to attract metal to the market, dealers said. Comex prices were also higher by midsession – stocks there have this week fallen further from an already critically low level. On the BFE, grain futures surged on fears of an end-of-season deficit, traders said. UK grain export figures for July to end-March showed wheat exports were higher than expected. In Chicago, soyabeans were in retreat by midsession after Wednesday's surprisingly strong close. Traders said the market was under pressure from the prospect of an eventual pick-up in South American soyabean marketings.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$14.35-4.50x	-0.50
Brent Blend	$16.70-6.80x	-.675
W.T.I. (1 pm est)	$18.16-8.18x	-0.78
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$216-218	-3
Gas Oil	$158-160	-4
Heavy Fuel Oil	$81-83	-2
Naphtha	$156-157	-4.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$370.50	+0.25
Silver (per troy oz)♣	502c	+1
Platinum (per troy oz)	$480.85	+3.85
Palladium (per troy oz)	$118.50	-0.10
Aluminium (free market)	$1490	-10
Copper (US Producer)	125.5c	
Lead (US Producer)	45c	
Nickel (free market)	435c	
Tin (Kuala Lumpur market)	17.20r	+0.09
Tin (New York)	301c	+1
Zinc (US Prime Western)	87.25c	+0.25
Cattle (live weight)†	110.43p	-1.78*
Sheep (dead weight)†	203.33p	-14.3*
Pigs (live weight)†	97.45p	-5.74*
London daily sugar (raw)	$377.0t	-1.80
London daily sugar (white)	$459.0t	-2.40
Tate and Lyle export price	£345.50	-1.50
Barley (English feed)	£121u	
Maize (US No. 3 yellow)	£142t	
Wheat (US Dark Northern)	£118.25y	
Rubber (Jun)♥	57.25p	+0.50
Rubber (Jul)♥	57.75p	+0.50
Rubber (KL RSS No 1 May)	230.5m	
Coconut oil (Philippines)§	$355v	
Palm Oil (Malaysian)§	$262.5y	
Copra (Philippines)§	$240y	+5.00
Soyabeans (US)	£172u	+1.00
Cotton "A" index	84.00c	+0.25
Wooltops (64s Super)	557p	-5.00

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jun. t-May/Jun u-Oct/Dec. v-May/Jul w-Apr/May. z-Jun/Jul y-May. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Aug	351.40	354.20	356.20 350.60
Oct	347.80	350.60	352.20 347.00
Mar	326.60	329.00	330.00 326.00
Aug	324.00	325.00	325.00 321.00
Oct	323.00		322.00
White	**Close**	**Previous**	**High/Low**
Aug	448.8	452.5	453.5 448.0
Oct	411.0	414.0	413.5 411.0
Dec	402.0	404.0	403.0 402.5
Mar	398.5	399.5	399.0 397.0
May	396.5		396.5 398.0
Aug	393.8		394.7 393.2
Oct	382.0		382.0 381.7

Turnover: Raw 2447 (4335)lots of 50 tonnes. White 1000 (1382)
Paris- White (FFr per tonne): Aug 2550, Oct 2340, Dec 2290, Mar 2270, May 2265

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
Jun	16.68	17.20	17.55 16.66
Jul	17.16	17.59	17.90 17.14
Aug	17.68	17.96	17.68 17.61
IPE Index	17.32	17.21	

Turnover: 10031 (10227)

GAS OIL – IPE ($/tonne)

	Latest	Previous	High/Low
May	155.75	158.25	161.25 155.75
Jun	151.25	155.00	157.00 151.00
Jul	150.50	154.25	156.75 150.50
Aug	152.50	156.75	158.00 152.50
Sep	154.50	158.25	160.00 154.50
Oct	157.00	162.00	161.00 157.00
Nov	161.50	163.50	162.00 161.50
Dec	160.25	162.75	163.00 160.25
Jan	160.00		161.25 160.00

Turnover 5617 (5384)lots of 100 tonnes

FRUIT AND VEGETABLES

Bananas at 45-65p a lb (50-65p) are packed with vitamins and minerals as are oranges at 8-20p each (8-20p), reports FFVIB. Thompson grapes at 95p-£1.95 a lb (95-£1.10) along with Granny Smith apples from Chile at 45-60p a lb (55-65p) are star buys this week.
English carrots, asparagus and parsnips are all superb buys this week. Red and white cabbages are good value at 20-30p a lb (20-30p).
English tomatoes are down in price this week to 60-80p a lb (70-80p), and cucumber supplies are improving at 40-60p each (20-40p).

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
May	847	843	853 843
Jul	867	862	872 858
Sep	882	877	889 875
Dec	900	896	905 895
Mar	916	913	919 913
May	930	926	931 926
Jul	944	939	942 938

Turnover: 1387 (3912) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for May 2 1041.90 (1054.71) 10 day average for May 3 1042.62 (1043.30)

COFFEE – London FOX (£/tonne)

	Close	Previous	High/Low
May	643	642	647 638
Jul	658	657	665 655
Sep	669	666	675 667
Nov	682	677	682 678
Jan	691	689	695 690
Mar	704	702	708 704
May	718	716	718

turnover: 3752 (5601) lots of 5 tonnes
ICO indicator prices (US cents per pound) for May 2: Comp. daily 72.17 (72.89). 15 day average 74.60 (75.14)

POTATOES – BFE (£/tonne)

	Close	Previous	High/Low
May	239.0	244.9	241.0 239.0
Nov	132.0	131.0	133.0 132.0
Apr	200.0	199.5	204.5 197.0

Turnover 358 (333) lots of 40 tonnes.

SOYABEAN MEAL – BFE (£/tonne)

	Close	Previous	High/Low
Aug	131.00	129.00	131.00
Oct	132.50	135.50	132.50

Turnover 25 (16) lots of 20 tonnes.

FREIGHT FUTURES – BFE ($10/index point)

	Close	Previous	High/Low
May	1288	1286	1290 1275
Jun	1178		1175 1170
Jul	1104	1111	1110 1095
Oct	1205	1205	1201 1195
BFI	1345	1352	

Turnover 178 (65)

GRAINS – BFE (£/tonne)

Wheat	Close	Previous	High/Low
May	119.90	117.90	121.00 118.90
Jun	121.35	119.60	122.00 120.15
Nov	117.50	116.75	117.75 117.25
Jan	120.75	120.10	120.75 120.70
Mar	124.20	123.40	124.20 124.00
May	127.00	126.40	127.00
Barley	**Close**	**Previous**	**High/Low**
May	105.00	104.00	105.50 105.00
Sep	112.45	111.90	112.80 112.10
Nov	116.40	115.70	116.40 116.30
Jan	119.80		119.80 119.60
Mar	122.50		122.50

Turnover: Wheat 353 (467), Barley 136 (183).
Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	119.5	120.5	119.5
Oct	121.5	121.5	121.0

Turnover 12 (18) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 18,975 tonne
Cash	1490-3	1497-9	1490/1488	1490-1		
3 months	1508-10	1516-7	1512/1505	1508-7	1505-7	44,697 lots
Copper, Grade A (£ per tonne)						Ring turnover 52,175 tonne
Cash	1720-5	1695-700	1725/1720	1723-6		
3 months	1585-7	1539-40	1580/1542	1558-62	1548-50	80,279 lots
Lead (£ per tonne)						Ring turnover 5,700 tonne
Cash	486-8	486-8	492	492-3		
3 months	486-7	488-9	493/483	492-5	484-6	10,232 lots
Nickel ($ per tonne)						Ring turnover 1,368 tonne
Cash	9200-50	9350-400	9400	9350-400		
3 months	8830-60	8800-50	8900/8800	8890-900	8820-5	7,279 lots
Tin ($ per tonne)						Ring turnover 840 tonne
Cash	6465-6475	6430-50		6490-500		
3 months	6565-75	6540-50	6595/6565	6595-600	6550-60	6,288 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 13,600 tonne
Cash	1755-60	1780-5	1788/1785	1787-8		
3 months	1678-80	1683-4	1695/1674	1690-2	1672-6	18,049 lots

LME Closing £/$ rate: SPOT: 1.6435 3 months: 1.6175 6 months: 1.5890 9 months: 1.5678

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	370¼-370¾	225½-226
Opening	368½-369	224¼-224¾
Morning fix	369.15	224.790
Afternoon fix	369.90	225.205
Day's high	370¼-370¾	
Day's low	368½-369	
Coins	**$ price**	**£ equivalent**
Mapleleaf	378-383	230-233
Britannia	378-383	230-233
US Eagle	378-383	230-233
Angel	378-383	230-233
Krugerrand	369-372	225-227
New Sov.	87-89	53-54½
Old Sov.	87-89	53-54½
Noble Plat	486.6-494.35	296.25-300.95

Silver fix	p/fine oz	US cts equiv
Spot	305.15	501.00
3 months	316.85	512.05
6 months	328.65	523.30
12 months	352.70	547.20

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	July	Sep	July	Sep
1400	118	136	11	29
1500	52	75	43	58
1600	17	36	106	116

Copper (Grade A)	Calls		Puts	
2400	206	157	47	91
2500	143	109	82	139
2600	95	72	132	199

Coffee	Jul	Sep	Jul	Sep
600	67	87	9	38
650	34	56	26	67
750	16	35	58	104

Cocoa	Jul	Sep	Jul	Sep
800	78	101	12	21
850	46	69	30	39
900	25	45	59	66

Brent Crude	Jun	Jul	Jun	Jul
1650	45		15	
1700	26		30	
1750	4	66	28	61

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
May	371.4	369.5	0	0
Jun	373.7	372.0	376.0	371.1
Jul	376.2	374.4	376.5	376.5
Aug	378.7	376.9	380.0	376.0
Oct	383.9	382.1	383.6	382.3
Dec	388.9	387.0	389.8	386.6
Feb	394.2	392.2	394.0	393.7
Apr	399.2	397.1	399.2	399.2
Jun	404.6	402.4	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
May	477.2	0	477.0	477.0
Jul	483.2	480.5	484.5	478.5
Oct	489.6	487.0	490.5	488.0
Jan	496.2	493.4	496.0	494.0
Apr	502.6	499.7	502.0	502.0
Jul	508.8	505.9	0	0
Jul	498.4	512.0	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
May	499.8	498.8	502.5	499.0
Jun	503.3	502.5	0	0
Jul	507.3	506.5	510.5	506.5
Sep	516.1	515.3	519.0	515.5
Dec	528.2	527.4	530.5	528.0
Jan	532.1	531.3	0	0
Mar	540.1	539.3	539.5	539.5
May	548.5	547.7	0	0
Jul	557.0	556.2	0	0
Sep	566.0	565.2	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	120.20	121.30	123.80	120.00
Jun	115.80	116.70	118.00	115.00
Jul	111.80	112.15	114.40	111.40
Aug	108.80	109.60	108.80	108.80
Sep	107.80	108.20	109.80	107.30
Oct	108.90	107.05	0	0
Nov	105.00	105.95	106.30	106.30
Dec	103.70	104.60	105.50	103.80
Jan	102.80	103.50	104.00	104.00
Mar	100.90	101.60	102.70	101.00

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jun	18.07	18.68	18.83	18.00
Jul	18.70	19.31	19.40	18.65
Aug	19.15	19.72	19.77	19.10
Sep	19.55	20.01	20.02	19.45
Oct	19.85	20.19	20.15	19.60
Nov	19.92	20.23	20.16	19.83
Dec	19.95	20.24	20.20	19.80
Jan	19.92	20.22	20.14	19.85
Mar	19.91	20.20	20.15	19.91

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jul	5085	5163	5170	5050
Aug	5150	5248	5250	5145
Sep	5310	5386	5360	5300
Nov	5485	5556	5550	5480
Dec	5575	5641	5650	5570
Jan	5590	5671	5670	5580
Feb	5570	5616	5635	5550

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1290	1286	1292	1280
Jul	1302	1301	1307	1296
Sep	1322	1319	1325	1308
Dec	1343	1341	1345	1330
Mar	1358	1354	1368	1346
May	1373	1365	0	0
Jul	1393	1386	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	90.80	90.50	92.20	90.75
Jul	92.54	92.34	94.00	92.20
Sep	94.66	94.46	96.00	94.10
Dec	96.66	96.70	98.00	96.25
Mar	98.78	98.86	99.75	99.00
May	100.63	101.15	101.00	100.90
Jul	103.00	103.75	103.00	103.00
Sep	103.00	103.75	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jul	15.60	15.90	15.89	15.59
Oct	15.53	15.75	15.80	15.51
Mar	14.88	14.93	15.07	14.81
Jul	14.65	14.61	14.86	14.55
Oct	15.53	15.75	15.80	15.51

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	74.40	74.20	74.80	74.10
Jul	74.73	74.90	75.00	74.60
Oct	70.10	70.32	70.43	69.95
Dec	67.38	67.72	67.80	67.31
Mar	68.25	68.55	68.62	68.60
May	68.57	68.90	68.80	68.52
Jul	68.42	68.75	68.80	68.75

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	194.00	193.00	194.10	193.00
Jul	191.65	191.50	192.00	191.00
Sep	186.60	186.10	187.00	186.25
Nov	179.60	179.80	179.85	179.60
Jan	175.06	175.00	174.90	174.90
Mar	175.05	175.10	0	0
May	175.10	175.05	0	0
Jul	175.50	175.05	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

May 3	May 2	mnth ago	yr ago
1940.1	1937.4	1924.5	2006.1

DOW JONES (Base: Dec. 31 1974 = 100)

	May 2	May 1	mnth ago	yr ago
Spot	135.13	134.16	133.25	137.46
Futures	133.74	133.49	133.93	137.69

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	629/6	636/4	636/0	627/4
Jul	644/0	651/6	652/0	643/0
Aug	649/6	657/2	658/0	649/0
Sep	649/2	657/6	658/0	648/0
Nov	656/2	662/2	663/0	654/4
Jan	666/6	673/0	673/0	665/4
Mar	677/0	683/0	683/0	676/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	23.25	23.43	23.58	23.10
Jul	23.45	23.59	23.75	23.25
Aug	23.41	23.55	23.67	23.25
Sep	23.22	23.37	23.48	23.07
Oct	23.05	23.05	23.15	22.85
Dec	22.86	22.92	23.03	22.65
Jan	22.72	22.81	22.90	22.58
Mar	22.57	22.65	22.70	22.45

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	182.6	185.7	185.0	182.3
Jul	188.1	190.3	190.3	187.5
Aug	190.2	192.1	192.1	189.7
Sep	191.7	193.9	194.0	191.5
Oct	193.0	195.5	196.0	193.0
Dec	197.7	199.1	200.0	197.0
Jan	199.0	200.0	202.0	199.0
Mar	203.9	204.0	204.5	201.6

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	285/4	287/6	287/6	284/0
Jul	287/0	289/0	289/6	285/6
Sep	277/2	280/2	280/6	276/4
Dec	270/6	273/2	274/4	270/0
Mar	275/6	278/2	279/0	274/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	372/4	373/4	377/0	372/0
Jul	346/6	347/4	350/0	346/0
Sep	352/6	353/0	356/0	352/0
Dec	365/4	365/6	368/6	365/0
Mar	371/4	371/4	374/0	370/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jun	74.30	73.60	74.95	73.82
Aug	72.47	72.02	72.50	72.02
Oct	74.45	74.12	74.55	74.20
Dec	75.10	74.85	75.15	74.90
Feb	75.25	75.05	75.35	75.10
Apr	75.87	75.72	76.00	75.80

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Jun	63.85	63.87	63.90	63.25
Jul	62.95	62.90	63.10	62.45
Aug	61.27	60.95	61.30	60.75
Oct	54.37	53.92	54.45	53.65
Dec	53.27	53.00	53.30	52.80
Feb	51.37	51.45	51.50	51.22
Apr	48.25	48.60	48.35	48.15
Jun	51.26	51.30	51.45	51.25

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	69.67	69.77	70.70	68.80
Jul	69.55	69.45	70.50	68.80
Aug	66.70	67.32	67.90	66.60
Feb	59.15	59.37	60.10	58.77
Mar	59.00	59.20	59.35	59.00

LONDON STOCK EXCHANGE

Market awaits verdict from the polls

THE RALLY in the UK stock market ran out of strength yesterday as investment fund managers backed away until the results of the UK local elections are published this morning.

Share prices tried to extend the recovery of the past two trading sessions, with firmness in sterling and in Government bonds encouraging buying of the good quality, high yielding issues. An early gain of 7.6 on the FT-SE Index, however, was soon reversed and the market spent most of the day on the downside.

At its final reading of 2,134.9, the index showed a loss on the day of 2.7. The market has recouped 31.5 since Monday night and traders regarded this as a satisfactory performance against a still uncertain background dominated by prospects for the local elections, and also the latest Retail Price Index due next week.

Account Dealing Dates		
*First Dealings:		
Apr 9	Apr 30	May 14
Option Declarations:		
Apr 26	May 10	May 24
Last Dealings:		
Apr 27	May 11	May 25
Account Day:		
May 8	May 21	Jun 4

*New time dealings may take place from 8.00 am two business days earlier

The market is resigned to significant successes by the Labour opposition party in the local elections and is nervous that this may discourage non-UK investors, particularly those in recently-privatised issues which might be vulnerable to re-nationalisation fears. Overall, equity strategists expect Labour to win around 300 seats from the Government – a larger figure might upset equities while a lower number would be favourable for the market.

Trading volume, slow at first yesterday, picked up around 10.00am when Salomon Brothers operated a small sell programme in the market's Beta, or second tier stocks. The programme underlined the general trend across the range of the market to move away from second line issues and towards good quality stocks which are likely to retain support on the basis of good dividend yields.

Turnover died away again after lunch, however, and the final Seaq total of 392.8m shares for the day compared with 433m for Wednesday.

There was some excitement when shares in BAT Industries turned down, bringing suggestions that Hoylake, thwarted in its bid intentions, might be trying to sell its stake, but traders scorned such tales.

Some lines of Guinness shares came on offer on reports that the group's growth rate in the Far East was slowing down, and Wellcome were easier after announcing trading results.

Reuters, the global financial data group, advanced as the overnight rise in the shares in New York brought a bear squeeze on trading positions in the London market.

International stocks made little immediate response to the news that Opec had agreed on a cut in oil production of 1.4m barrels a day. London also ignored the firm opening to the new Wall Street session, which showed a gain of 17 Dow points as the UK market shut down for the day.

FINANCIAL TIMES STOCK INDICES

	May 3	May 2	May 1	April 30	April 27	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	74.89	74.27	74.51	74.13	74.32	86.92	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	84.74	84.59	84.37	83.80	84.72	97.50	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1678.6	1678.0	1683.5	1653.6	1658.7	1756.1	1968.3 (3/1)	1653.6 (30/4)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	215.5	219.5	219.0	221.5	221.8	173.7	378.5 (5/2)	215.5 (3/5)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2134.9	2137.6	2117.9	2103.4	2106.6	2119.0	2463.7 (3/1)	2103.4 (30/4)	2463.7 (3/1/90)	986.9 (23/7/84)

GILT EDGED ACTIVITY

TRADING VOLUME IN MAJOR STOCKS

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm.

Challenge seen to Pilkington

SHARES IN Pilkington, the glass maker, gave up 7 to 191p, as turnover expanded to 5.5m shares. The retreat followed the news that Saint Gobain, the French industrial group which recently knocked out BTR in the race to acquire Norton Company of the US, had bought Solaglas, the UK automotive windscreen business, for £96.5m.

Dealers took this as a sign that Pilkington was about to face stiff competition in the declining European glass market. Mr Mark Stockdale at BZW said: "It is a move by an obvious competitor into Pilkington's home market. Demand for glass in Europe as a whole is slowing and today's news focuses people's attention on that fact."

Pilkington shares were further weakened by speculation that the company might seek to meet the European challenge by the acquisition of Heywood Williams, the glass, aluminium and plastics group, whose shares responded by advancing 16½ to 258p.

Polly Peck ahead

Polly Peck climbed 6 to 403p after positive comments by Mr Asil Nadir, the chairman, at a lunch hosted by *Kitcat & Aitken*. Trading was busy and turnover reached a high 8.6m by the end of the session.

Mr Bob Carpenter at Kitcat said three points had been highlighted: the price of fresh fruit was holding up well, the company's liquidity was being "transformed" and the value of its electronics business had been undervalued by the market.

Wellcome setback

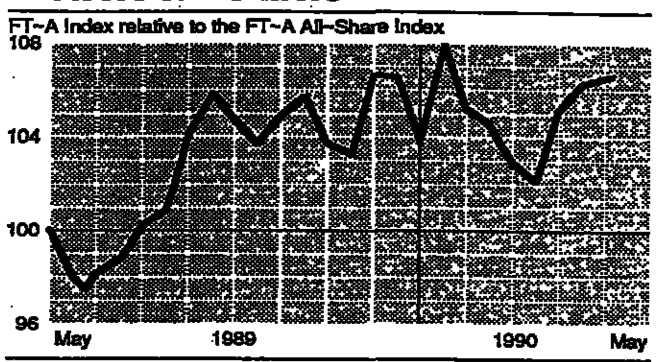
A 28 per cent rise in interim profits to £161.4m from Wellcome was not enough to please the market. The shares registered the sharpest fall of the day among FT-SE 100 constituents, losing 21 to 655p.

Much of the decline appeared to be a reaction to the over-optimistic advance on Wednesday. Mr Martin Hall at UBS Phillips & Drew said the figures were "exactly in line with expectations." He cut his profits forecast for next year from £530m to £500m and said the rising cost of R&D and marketing would reduce margins.

Mr Steve Plag at BZW, however, said a rise in the number of sales representatives was good news. He left his figures unchanged. Mr Ian White at Kleinwort Benson added that the results were at the top end of expectations.

Brewers & Distillers

FT–A Index relative to the FT–A All–Share Index



A cautious line was taken by Mr Robin Gilbert of James Capel. He thought the company's "underlying growth of 7 per cent in the first half was unexciting." The use of the Aids treatment, Retrovir, in asymptomatics, approved in the US in March, had not yet taken off. He acknowledged that it was early days but said that if there had been enormous pent up demand, it would have made its presence felt.

News that Opec had agreed a 1.45m barrels a day cut in output, reducing overall production to around 22m barrels a day, was said to have fuelled a firmer trend in the oil sector. But sector specialists were generally sceptical of Opec's ability to maintain its stance. The reaction of the crude oil market to the news was for Brent crude for June delivery to fall back from the ruling $17.50 to $17.20 a barrel.

The Hoare Govett oil team described the latest deal as "the usual Opec agreement, that is, an agreement with a question mark." The Hoare team added that a firm deal was in prospect but that it would be the usual weak one. If the oil price rises then the degree of discipline (within Opec) will diminish."

The Smith New Court oil team took a similar line: "It looks a very poor agreement and the oil price reaction speaks for itself; it is a typical Opec fudge which should not fool the market." Smith added that the proposed reduction in output "looks too big a cut for reality."

Dealers said oil shares had moved up in anticipation of the Opec news and "there was no wild enthusiasm afterwards."

BP settled 4¼ ahead at 312¼p, after 313¼p, on relatively thin turnover of 3.3m, while Shell Transport edged up 1¼ to 439½p. A presentation to analysts by the latter was said to have poured cold water on some of the more bullish expectations in the market.

British Gas was a steady market, holding at 194p on turnover of 7m. The group is scheduled to reveal preliminary figures on the last day of the month, and a number of securities houses are now taking the view that the stock has already absorbed the impact of possible political moves.

A line of BAT Industries stock on offer early in the session led some to jump to the conclusion that Hoylake was disposing of its holding of 19m shares. Although it quickly became clear that a buyer was being sought for only 2m shares, the price still weakened to close only a penny above the day's low at 675p, a net decline of 16.

US buying uncovered bear positions among Reuters traders in London that had been taken ahead of last week's annual meeting. The resulting squeeze pushed the shares 27 higher to 1098p.

Unilever benefited from switching out of the NV stock, said traders. The shares climbed 9 to 634p, while the NV, quoted in London, edged ¾ higher to £45¼.

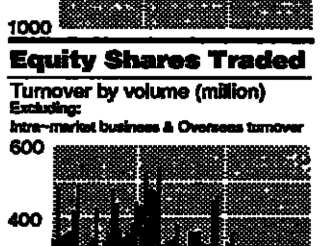
BTR closed 7 lower at 384p as stock overhung the shares following what dealers said was a mishandled selling order earlier in the week by Nomura.

Profit-takers in Rolls-Royce weakened the shares 5¼ to 194½p on turnover of 5m. The company is forming a joint venture in aero engines with BMW, the West German luxury car maker, which yesterday announced it was taking over the aerospace technology activities of Kloeckner-Humboldt-Deutz, the West German group. BMW was understood to have taken a 1 per cent stake in Rolls-Royce as part of the deal. BMW was among the names mentioned of likely stake builders on the day that turnover in Rolls swelled to 61m.

Shares in USM-listed Clinton Cards fell 12 to 227p as they were hit after the company said it was to make a rights issue. The company said it was to make a one-for-four rights issue at 200p a share to raise about £6.4m to fund further expansion and add to shareholders' funds.

A report that Standard Chartered may have lent Courtwell, the leisure group now in receivership, some £40m, and market suggestions that the figure may be in excess of that, put pressure on Standard shares, which fell 10 to 477p on higher than usual turnover of 2.1m.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover

Other leading banks held steady, but with Abbey, 188p, and TSB, 131p, although little changed on the day, attracting keen turnover.

Hambros shares were said to have found a support level and rose sharply to close 9 up at 237p.

PWS, the insurance broker, performed well, the shares ending 3 ahead at 70p after news of a rights issue was offset by excellent interim results. Half-year profits rose sharply from £1.8m to £2.5m and the interim dividend was raised from 1p to 1.3p.

Activity in the composite insurance arena was limited, but "topslice" (take some profits) advice from the Smith New Court team lowered Sun Alliance 4 to 293p on keen turnover of 2.6m. General Accident, due to report first-quarter figures next Thursday, eased 5 to 1008p. Royals were 4 ahead at 433p, with Mr Peter Constable of Flemings Research taking the view that the recent sharp fall "gives long-term funds the opportunity to buy back stock sold earlier, or either to switch out of Commercial Union or reverse recent switching out of Sun Alliance.

Brewery stocks regained their composure after falls against the market trend on Wednesday. This week saw the sector touch an all-time high against the rest of the market.

Building group Higgs & Hill held at 322p and YJ Lovell at 194p after the latter confirmed it had placed its stake in the former in the market. The near 10 per cent stake, acquired during Lovell's takeover attempt earlier this year, was placed at around the 310p a share mark.

BICC fell 10 to 396p on stories that one leading broking house was taking a cautious line on the shares, citing problems in housebuilding and Australia. There were no actual downgrades, however, emphasised one dealer.

Traders said their US counterparts had found willing buyers for Saatchi & Saatchi stock. New York tried to cover those orders by buying in London and squeezed the shares 9¼ higher to 103¼p, the day's peak.

USM-quoted clothing maker Pepe fell 22 to 143p after warning of lower profits for the year. The company said that difficult trading conditions, particularly in the UK, meant that the profit for the year to March 31 was expected to be lower than last year's £12.8m but not less than £10.5m. A 26 per cent rise in profits at the interim stage from Leeds Group, the textile processor, pushed the shares to 195p, a rise of 25.

Year-end figures from Davies and Newman revealed a slide from a profit of £9.9m to a loss of £3.3m. The shares followed suit and fell 50 to 355p. The company said that prospects for the current year and 1991 were hard to determine in the light of the changing competitive circumstances affecting the company's businesses across Europe.

Tesco, the buyer of Asda's sites, had a firm day too, rising a penny to 197p. Analysts and dealers said the reason was that securities house UBS Phillips & Drew had bid for 8m shares at £2 each. The deal was conducted, said UBS, on behalf of the Tesco employee share scheme. The 8m fulfilled the needs of the scheme in the current year. Seaq screens registered Tesco turnover of 16m.

Asda's sale of three development sites for £55m was deemed by analysts to be a step in the right direction. Mr Philip Dorgan at Goldman Sachs said: "It has been expected that Asda would be more active in trying to reduce debt." The shares improved 2 to 97p.

Attempts to sell between 1m and 1½m Budgens shares pushed the market price down 16 at one point, before closing at 55p for a net fall of 13 after busy trade. One trader said it was the second attempt to sell the shares this week.

Brent Walker moved further away from the recent two-year low point, gaining 12 to 277p, as optimism mounted over the annual results, scheduled for release next Wednesday. Carlton Communications was another to rally, adding 7 at 504p.

Euro Disneyland added 20 to 1093p: after the close of business the company announced expansion of the Magic Kingdom theme park, the costs of which will be financed from existing resources.

Noble Raredon rallied 7 to 82p after news of a proposed issue of new shares via a placing.

■ Other Market statistics, including the FT-Actuaries share index, Page 27

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (11).
BRITISH FUNDS (1) AMERICANS (1) ELECTRICALS (2) INDUSTRIALS (2) Elan Corp., Proudfoot (A.), INSURANCES (1) TRUSTS (4).
NEW LOWS (285).
AMERICANS (3) CANADIANS (8) BANKS (5) BREWERS (3) BUILDINGS (8) CHEMICALS (4) STORES (6) ELECTRICALS (10) ENGINEERING (12) FOODS (7) HOTELS (6) INDUSTRIALS (28) Allied Part., Anglo Utd., Armour Tst., BTR, Do. Warrants 92/93, Brompton, Clayhithe, Coloroll, Courtney Pope, Dyson (J & J), Do "A", EIS, Hampson 8.5p (Net) Prf. 91/03, Hornby, Lincat, London Finance & Invs., Mining & Allied Supplies, Optical & Medical, Page (Michael), Pilkington, Do. Warrants, RKF, Shanks & McEwan, Swallowfield, Sykes-Pickavant, Tamaris 8½pc PL, INSURANCE (3) LEISURE (5) MOTORS (7) NEWSPAPERS (6) PAPERS (8) PROPERTY (11) SHOES (1) TEXTILES (3) TOBACCOS (1) TRANSPORT (3) TRUSTS (17) WATER (1) OILS (4) OVERSEAS TRADERS (2) MINES (32) THIRD MARKET (3).

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

BRITISH FUNDS – Contd

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
25½	20¾	Treas. 2½pc	21¼	+⅛	11.83	–

Index-Linked

1990 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
113⅞	110¾	Tr. 2pc '92‡‡(97.8)	113⅞	+⅛	4.13	5.56
105⅞	103¼	Do. 2 '94 (102.9)	105⅞xd	+⅛	3.70	4.35
156⅞	150¾	Do. 2pc '96(67.9)	154⅞	+1⅛	3.42	4.49
131⅝	123½	Do 2½pc '01(78.3)	126⅞	+1⅛	4.05	4.32
128⅝	119⅞	Do. 2½pc '03(78.8)	122⅞xd	+1⅛	4.14	4.33
131⅞	122	Do. 2pc '06(69.5)	124⅝	+1⅛	4.11	4.32
123⅞	113⅞	Do. 2½pc '09(78.8)	116xd	+1⅛	4.07	4.25
128⅞	117⅝	Do. 2½pc '11(74.6)	120⅞	+1⅛	4.44	4.21
107⅞	97⅝	Do. 2½pc '13(89.2)	100¼	+1⅛	3.99	4.14
115¾	105⅞	Do. 2½pc '16(81.6)	107¾	+1⅛	3.95	4.09
119½	102¼	Do. 2½pc '20(83.0)	104⅞	+1⅛	3.89	4.02
95¼	86⅞	Do. 2½pc '24‡‡(97.7)	88⅞	+1¼	3.81	3.93

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for August 1989: 115.8 and for March 1990: 121.4.

INT. BANK AND O'SEAS

1990 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
100¼	84⅞	African Dv Bk 11¼Ln 2010	85⅞	+1⅛	12.96	13.44
96⅞	80⅞	Asian Dev Bk 10¼pcLn2009	82⅞	+1⅛	12.49	12.77
101⅞	85¼	Euro Inv Bk 11pc Ln 2002	86⅞	+1⅛	12.73	13.23
110⅞	94⅞	Int-Am Dev Bk 12½pc 2003	95½	+1⅛	13.09	13.23
91¾	76⅞	Do. 9¾ pcLn 2015	77⅞	+1⅛	12.60	12.77
90½	79½	M'lysia 10¾pcLn 2009	79½	.....	13.52	14.32
110	109	N'hl. Mexican States 16½pc 2008	109	.....	15.14	14.90

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS – Contd

1990 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
21¾	15⅛	Chase Manhattan $12½	15⅛xd	–⅛	$2.36	–	9.4
19¼	14	Chem. Banking Corpn	14¾	–⅛	$2.72	–	11.4
12½	9¼	Chrysler $6¼	9½xd	+⅛	$1.20	–	7.6
18¾	12⅞	Citicorp $1	13¾xd	+1⅛	$1.78	–	7.8
39⅞	31⅝	Colgate-Palmolive $1	34⅛	+⅛	s$1.48	–	2.6
12¼	8¼	Cont'l Bank Corp $4	845p	–1	$1.00	–	7.1
268p	128p	♦Corporate Data Scnce	205p	.....	–	–	–
21¾	18½	Dana Corp. $1	19⅝xd	+⅛	$1.60	–	4.9
768p	510p	Data General	533p	–15	–	–	–
29½	25¼	Dun & Bradstreet $1	27½	.....	$2.00	–	4.4
35½	29¾	Eaton Corpn. 50c	33⅝	.....	$2.00	–	3.6
10⅞	7½	Echlin Inc.	7⅞xd	.....	70c	–	5.3
22¼	18⅛	FPL Group 1c	18⅝xd	+⅛	$2.28	–	7.4
27¼	21⅞	Fluor Corp 62½pc	26	+⅛	24c	–	0.6
30¾	25	Ford Motor $1	27⅞xd	+⅞	$3.00	–	6.5
41¾	36¾	Gen. Elect. 63c	39⅞	–⅛	$1.88	–	2.9
427p	304p	♦General Host Corp $1	411p	+31	30c	–	4.4
34½	25⅞	Gillette $1	32	+⅛	96c	–	1.8
315p	169p	Gt American Bank Bk $1	183p	–2	20c	–	6.6
20⅞	17⅛	Greyhound $1½	18⅝	–⅛	$1.32	–	4.3
12⅝	10½	Hasbro Inc 50c	10⅞	–⅛	16c	–	0.9
55⅞	46½	Honeywell $1½	53⅞xd	+¼	$2.75	–	3.1
21⅞	19⅛	Houston Inds.‖	19¾	–⅛	$2.96	–	9.0
67⅞	57⅞	IBM Corpn $1¼	66⅛xd	+½	$4.84	–	4.4
50p	25p	♦Image Storage/R Sys 1c	25p	.....	–	–	–
35¼	27⅞	Ingersoll-Rand $2	33⅛xd	+⅛	$1.20	–	2.2
25⅞	19¾	Lockheed Crpn. $1	19⅞xd	–⅛	$1.80	–	5.5
11⅞	7⅞	Lone Star Inds $1	7⅞	.....	$1.90	–	15.4
28	24⅛	Louisiana Land 15c	26⅞	+⅛	$1.00	–	2.3
21⅝	15⅛	Lowe's 50c	21⅞	+⅛	52c	–	1.5
22¼	16¾	Manuf. Hanover $1	19⅞	+½	$3.28	–	9.9
16¾	12⅝	Merrill Lynch $1	12⅞	+⅛	$1.00	–	4.7
26⅞	21⅞	Molex Inc	23⅝	.....	3.2c	–	0.1
27¾	20	Morgan (JP) $2½	20⅞xd	+⅛	$1.82	–	5.4
27	21⅝	Morris (Philip)	26xd	+⅛	$1.13	–	2.6
56⅞	44½	NYNEX $1	49⅞	+⅛	$4.36	–	5.3
19p	5p	N'wide Legal Serv.‖	6p	.....	–	–	–
21½	18¼	PHH Corp.‖	20⅛	+⅞	$1.16	–	3.5
195p	155p	♦Pacific Agr.‖	166p	–9	–	–	–
14⅞	12⅛	Pacificorp $3¼	12½	+⅛	h$1.38	–	6.4
31¾	24½	Pacific Telesis 10c	26	–⅛	$1.88	–	4.3
22⅝	18⅞	Pall Corp. 25c	19	.....	48c	–	1.5
55⅞	45⅞	Pennzoil $3 1/3c	45⅛xd	+⅛	$3.00	–	4.0

CANADIANS

Continued on next page

APPOINTMENTS

Changes at Davy Corp

■ Mr Peter Newman has been appointed director of human resources at DAVY CORPORATION. He was chief executive, metals division, where he is succeeded by Mr Roy Tazzyman, managing director of Davy McKee (Poole). Mr Bernard Plumb, director, automation, takes over at Poole. Mr John Young will take over as finance director, metals division, from Mr Ron Lane who resumes full-time duties as finance director of Davy McKee (Sheffield).

■ Mr Mark Jackson has been appointed senior vice president, finance and control, EMI MUSIC WORLDWIDE. Ms R. Anne Payne has been appointed senior vice president, information technology.

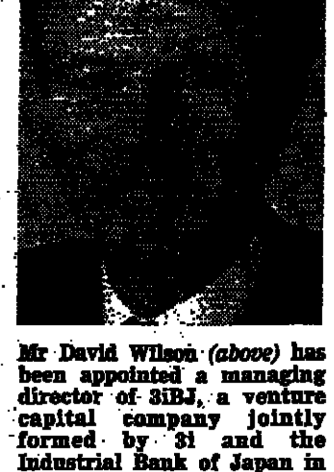
■ Mr Don Sloan has been appointed director of marketing at WOOLWORTHS, a Kingfisher subsidiary. He was marketing director, Berni Inns.

■ Mr Paul Thomas, a partner of ECI Ventures, has been appointed a non-executive director of CHESTERGATE GROUP.

■ Mr Michael Collins has been appointed managing director of J. ALSFORD, succeeding Mr W. John Alsford who continues as chairman. Mr Collins was investment banking director at Royal Trust Bank.

■ Mr Jim Robertson has been appointed to the board of VENTURE PLANT GROUP, retaining his post as managing director of Venture Plant Scotland.

■ Mr David Johnson, managing director of DOSCO Overseas Engineering, has been appointed president of THE ASSOCIATION OF BRITISH MINING EQUIPMENT COMPANIES.



Mr David Wilson *(above)* has been appointed a managing director of 3iBJ, a venture capital company jointly formed by 3i and the Industrial Bank of Japan in Tokyo. He was director of 3i in Leicester.

■ Mr David J. Piper, who recently joined the PIRELLI GROUP, UK subsidiary of the Italian tyres and cables group, has been appointed group secretary, succeeding Mr Desmond T.C. Pollock who is retiring. Mr Piper was an executive with Metal Box. Mr Pollock will remain as a non-executive director on the boards of Pirelli UK, Pirelli General, and Pirelli Ltd, the three principal UK-based Pirelli subsidiaries.

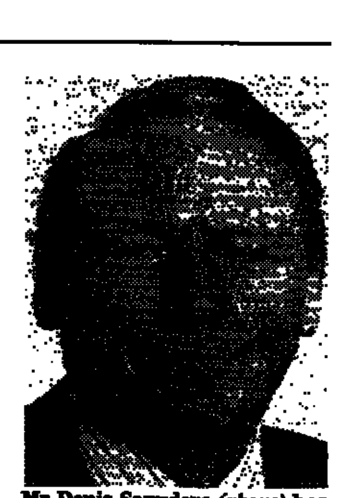
■ Sir Philip Jones, former chairman of the Electricity Council, has been appointed a non-executive director of IVO ENERGY, a wholly-owned subsidiary of the Finnish company, IVO. The company says it intends to be an independent power generator in the UK.

■ Mr Bruce Allman has been appointed a director of E. ALLMAN & CO, Chichester.

■ THOS R. MILLER & SON (HOLDINGS) has appointed Mr Ken R. Bilby and Mr Michael J. Robson as directors of Thos R. Miller & Son (Overseas); and Mr Ken Riches as a director of Thos R. Miller & Son (Reinsurance Brokers).

■ JACOBSON TOWNSLEY & CO, stockbrokers, has taken into partnership Mr Adam Caplan and Mr Elliott Shaw.

■ HUNTER BUILDING PRODUCTS has appointed Mr David Ramage as operations director.



Mr Denis Saunders *(above)* has been appointed director, corporate services, on the board of TI GROUP. He will continue as company secretary. Mr Tony Sumner, a main board director, becomes director, Asia Pacific, based in Hong Kong.

■ Mr Hugh Jenkins, recently appointed chief executive of PRUDENTIAL PORTFOLIO MANAGERS, investment arm of Prudential Corp, has taken over direct control of the property division as chairman. Mr Michael Mallinson, property director, is to retire on May 31.

■ THE DRAMBUIE LIQUEUR COMPANY has appointed Mr Peter Shakeshaft as group finance and dvelopment director, a new post. He was a director and divisional chief executive with John Waddington.

LONDON SHARE SERVICE

BANKS, HP & LEASING

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
303	219	ANZ SA1	229	+4	44c	1.4	8.7	8.2
196	172	Abbey National 10p	188	.....	5.7	4.3	4.0	7.6
282	229	Allied Irish Ord	229	−1	Q040%	3.3	4.3	11.8
£13¾	£11⅞	Algemene Fl.10	£12¼xd	−⅛	Q28%	2.1	7.3	6.4
85	73	Anglo Irish	77xd	.....	Q18.7%	2.7	5.7	10.5
81	68	Ansbacher (H.) 1p	68	.....	2.5	1.3	4.9	19.6
£70¾	£54¼	Bancaire Cie Fr100	£67½	+½	Q12¼%	−	2.0	−
£22¾	£16¾	Banco Bilbao Viz	£18	−¼	Q17.9%	2.0	4.0	12.6
£31	£24¼	Banco de Santander	£28	−½	Q25%	2.4	4.0	10.4
280	227	Bank Ireland Ir£1	229	.....	Q12.3%	3.2	5.1	7.8
£19½	£18	Bank Leumi	£19½	.....	−	−	−	−
350	320	Bank Leumi (U.K.)	345	.....	†13.5	−	5.2	−
125	104	Bank Scotland	107xd	+1	4.55	q3.6	5.7	6.5
100¼	83¾	Do. 9¼pc Irrd Pf	84½xd	+½	9¼%	−	14.6	−
54	42	Bank of Wales	42xd	.....	2.8	♦	8.9	♦
599	493	Barclays £1	520	.....	27.4	3.5	7.0	5.1
22	14	Benchmark 20p	15	.....	1.63	1.0	14.4	8.6
335	310	Brown Shipley £1	318	+3	†10.5	−	4.4	−
455	361	Cater Allen £1	362	−3	23.5	−	8.7	−
179	137	Chancery	137	−5	†8.0	2.8	7.8	6.0
£23¾	£19¾	Commerzbk DM10	£20¼	+¼	Q18%	−	3.3	−
£13¼	842	Dai Ichi KBk Y50	882	−13	Q16%	8.8	0.3	33.7
£313	£262½	Deutsche Bk DM50	£283½	+5½	Q28%	−	1.8	−
£20¾	£19	Espirito Santo	£20¼	.....	Q75c	3.3	2.2	13.9
253	183	First Nat. Fin. 10p	201	−2	13.0	2.4	8.6	6.2
121	96	FNFC 6.3pc Cv. Pf	101	.....	6.3%	−	8.3	−
£15¾	953	Fuji Bank Y50	£10¾	+¼	Q15.6%	4.2	0.3	−
325	262	Gerrard & National	268	+1	18.5	−	9.2	−
154	143	Guinness Mahon 10p	144	.....	‡2.1	−	1.9	−
328	223	Hambros 20p	237	+9	†10.0	−	5.6	−
128	93	Do. 7.5pc Cv Pf	95	+1	7½%	−	10.5	−
53½	45	HK & Shang. HK$2.50	46	+½	hQ38c	−	6.3	−
478	458	Joseph (Leo) £1	458	.....	15.85	−	4.6	−
145	126	King & Shaxson 20p	126	.....	9.25	−	9.8	−
422	340	Kleinwort Benson Grp	349	+2	16.0	2.5	6.1	8.8
642	402	Kyowa Bank Y50	449	+1	Q14%	4.7	0.6	33.9
307½	242	Lloyds £1	258	−1	13.3	2.6	6.9	6.1
56	44	Lon. Scot. Bank 10p	44	−1	2.4	1.8	7.3	9.2
404	272	Midland £1	284	.....	18.0	2.6	8.5	5.9
£14½	£10⅞	Mitsubishi Bank Y50	£10⅞	.....	Q16%	8.1	0.3	44.6
£12¼	£6¾	Mitsubishi Tr & Bk Y50	£7⅞	.....	Q16%	8.2	0.4	30.0
£10¾	£7¾	Mitsui Bank Y50	£8⅞	.....	Q16%	6.0	0.4	45.3
904	559	Mitsui Tst & Bk Y50	608	+1	Q16%	7.1	0.5	27.0
326	279	Nat Aust. Bk. A$1	298	+3	sQ50c	1.6	7.8	8.0
360	299	NatWest £1	319	−1	16.7	3.3	7.0	5.8
£210	£190	Ottoman Bank	£200	.....	Q110%	2.8	5.8	6.1
55	39	Rea Bros. Group	43xd	.....	0.5	3.4	1.6	20.6
200	155	Rothschild (J) Hldgs	167	+2	†9.5	3.6	7.6	4.8
227	149	Royal Bk. Scotland	164	−3	†7.2	3.8	5.9	5.7
795	424	Saitama Bank Y50	486	+1	†Q13%	4.7	0.5	40.1
£12¼	806	Sanwa Bank Y50	815	+8	†Q16%	8.3	0.4	30.9
1805	1425	Schroders £1	1425	−25	25.0	5.9	2.3	10.6
1425	1075	Do. £1 N/V	1075	−25	25.0	5.9	3.1	8.3
£25¼	£20⅝	Sec. Pacific $10	£22¼	+⅜	Q$1.96	−	5.3	−
616	470	Standard Chartd. £1	477	−10	35.0	1.4	9.8	(8.9)
£16¼	£8⅞	Sumitomo Bank Y50	£9⅞	−⅛	†Q16%	7.5	0.3	43.5
£11	£6¾	Sumitomo Tst & Bk Y50	£7¼	.....	†Q16%	8.1	0.4	27.5
147	121	TSB	131	−1	5.8	2.8	5.9	8.4
175	126	TSB Bank Ch'nel Is'l	141	+1	Q6.7	3.5	4.8	7.0
£11½	£5⅞	Tokai Bank Y50	£6½	.....	Q16%	4.1	0.5	49.5
920	605	Toyo Tst & Bk Y50	687	+1	Q15.2%	6.9	0.4	33.0
611	532	Union Discount £1	535	.....	33.0	−	8.2	−
525	398	Warburg (S.G.)	406	+1	†12.5	−	4.1	−
180	133	Do 6pc Cnv Prf	135	+1	6%	−	5.9	−
279	231	Westpac $A1	237	−1	Q52.5c	1.5	10.0	6.5
420	378	Wintrust 20p	378	.....	†7.8	−	2.8	−
969	574	Yasuda Tst & Bk Y50	681	+1	Q17%	9.3	0.5	21.7

Hire Purchase, Leasing, etc.

1990 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
355	173	Anglo Grp. 10p	188	+5	†5.0	4.1	3.5	7.3
£128½	£76½	Do. 9½pc 1999	£79½	.....	Q9½%	−	11.9	−
175	130	CLF Yeoman 50p	135	.....	Q24.6%	3.4	7.7	4.2
71	61	Cambridge Grp Ir5p	61	−4	Q7½%	♦	0.6	♦
55	37	Capital Leasing Ir10p	41	.....	Q12%	3.5	2.7	9.6
68	50	Cattle's (Hldgs) 10p	52	.....	3.58	♦	9.2	♦
408	367	Prov. Financial	384	−1	20.5	2.0	7.1	9.3
235	210	Reflex Invs. Ir5p	210	.....	Q34.6%	6.6	0.8	24.4
225	199	Secure Trust Grp. 1p	214xd	.....	8.5	♦	5.3	♦
210	178	Woodchester IR20p	195	−2	Q15.6%	♦	1.5	♦

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS – Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS – Contd

ENGINEERING

ENGINEERING – Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.) – Contd

INSURANCES

LEISURE

LONDON SHARE SERVICE

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MOTORS, AIRCRAFT TRADES

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£14¼	£8¾	DAF N.V. Fl5	£9½	+⅛	Q50%	2.0	8.9	5.5
149	120	General Mtrs Units	130	......	Q2½%	–	5.4	–
41	26	March Group 5p	26	–2	–	–	–	–
£222¼	£181¼	Volkswagen DM50	£212½	+7¼	Q20%	2.8	1.7	22.5
£44	£32¼	Volvo Kr25	£32¼	–¼	Q62%	♦	4.9	♦

Commercial Vehicles

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
253	189	ERF (Hldgs)	186	+1	15.0	3.7	10.8	3.3
180	133	Plaxton Grp	133	–1	8.5	2.0	8.5	7.4

Components

1990 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
458	420	Abbey Panels	453	......	3.5	10.8	1.0	12.0
225	203	Airflow Streamlines	215	......	6.0	4.2	3.7	8.6
190	145	Bostrom 5p	145	–5	5.75	3.1	5.3	6.6
266	191	Dowty 50p	218	......	18.0	2.3	5.1	11.0
239	155	FR Group	157	+2	6.37	♦	5.6	♦
135	63	Kwik-Fit Hldgs. 10p	64	......	2.4	♦	5.0	♦
694	568	Lucas Inds. £1	599	–1	†25.0	3.0	5.6	6.8
16	9	Spice 5p	9	......	†q1.2	0.4	♦	69.0

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES—Contd

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	76	......
Craig & Rose £1	810	......
Finlay Pkg. 5p	55	......
Holt (Jos) 25p	1310	......

IRISH

Stock	Price	+ or –
Cap. 8½% Ln. 1991	£97	......
9pc Cap Ln. 1996	£93¼	......
Fin. 13% 97/02	£111½	+½
Arnotts	435	......
Carrol (P.J.)	147	......
Hall (R. & H.)	170	......
Heiton Hldgs.	70	......
IRG	200	......
United Drug	165	+5

TRADITIONAL OPTIONS

3-month call rates

Industrials

Stock	p
Allied-Lyons	39
Amstrad	5½
Astec (BSR)	5½
BAT	83
BOC Grp	45
BTR	36
Barclays	49
Blue Circle	19
Boots	23
Bowaters	38
Brit Aerospace	42
British Steel	9
Brit. Telecom	25
Cadburys	27
Charter Cons.	40
Comm Union	40
Courtaulds	24
Eurotunnel	60
FKI	7
FNFC	21
Gen Accident	90
GEC	18
Glaxo	56
Grand Met	45
Guardian	19
GKN	93
Hanson	18
Hawker Sidd.	55
ICI	85
Ladbroke	25
Legal & Gen	34
Lex Service	26
Lloyds Bank	22
Lucas Inds.	52
Marks & Spencer	17
Midland Bk	27
Nat West Bk	29
P & O Dfd.	50
Polly Peck	37
Racal Elect.	19
RHM	35
Rank Org Ord	68
Reed Intnl.	53
STC	28
Sears	9½
SmKl. Beecham A	46
TI	38
TSB	11
Tesco	17
Thorn EMI	61
Trust Houses	22
T&N	17
Unilever	56
Vickers	18
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Premier	18
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Mines

Stock	p
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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £1050 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd, Bournemouth 0345 717373						
High Income						
American Income	6	49.79	49.79	53.26	-0.03	5.14
Gilts & Fixed Int	6	100.4	100.4	106.4	+0.4	10.34
High Inc Equity	6	123.3	126.6xd	134.7	+0.3	4.71
Worldwide Bond	6	193.6	193.6xd	205.1	-0.1	6.29
Capital Growth						
American Growth	6	182.0	182.0	194.7	+1.5	1.06
Asian Pacific	6	130.3	133.1	141.6	+2.4	0.00
Assets & Earnings	6	143.5	143.5	153.5	+0.6	3.16
Capital Reserve Acc	0	89.84	89.84	89.91	+0.17	6.67
Capital Reserve Inc	0	75.51	75.51	75.57	+0.15	7.94
Comdty & Energy	6	97.39	97.39	104.2	-0.4	0.81
Dividend & Growth	6	43.86	44.89	47.76	...	4.71
1992 Enterprise	6	58.88	58.88	62.98	+0.28	2.54
Euro Capital Acc	6	103.0	103.0	110.2	+0.7	0.86
Euro Capital Inc	6	98.85	98.85xd	105.8	+0.8	0.90
General	6	160.7	160.7	171.9	+0.2	2.91
International	6	57.71	58.80	62.56	+0.09	0.80
Japan	6	94.96	94.96	101.6	+0.2	0.00
Masterinvest	6	86.23	86.23	92.23	+0.47	1.53
UK Growth Acc	6	162.9	162.9	174.3	+0.9	1.64
UK Growth Dist	6	106.5	106.5xd	114.0	+0.6	2.50
US Emerging Cos	6	54.44	54.44	58.23	+0.21	0.00
Income & Growth	6	275.1	275.1xd	294.3	+0.2	3.48
Ethical	6	44.20	44.20	47.28	-0.04	2.12
Abtrust Management Ltd (1200)H						
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580						
Amer Inc & Growth	5¼	31.96	31.96xd	34.12	+0.01	2.25
European	5¼	91.89	92.08	98.29	+0.69	0.00
European Income	5¼	89.32	89.36	95.39	+0.21	1.49
Exempt	1	693.6	693.6xd	715.2	-2.80	1.46
Exempt Income	3¼	161.7	161.7	171.7	-1.00	5.12
Exempt American	3¼	373.2	373.2xd	391.2	+1.90	1.59
Exempt Pacific	3¼	253.8	253.8	267.2	-1.40	0.00
Extra Income	5¼	39.29	39.29	41.94	-0.06	6.15
F East Emrg Ecns	5¼	61.77	62.26	66.68	+0.08	0.01
Fund Inv Tst	5	120.1	125.3xd	133.8	+0.30	0.64
Do Accum	5	188.3	196.6xd	209.8	+0.50	1.51
Gilt & Fixed Int	5¼	16.54	16.93	18.07	+0.18	13.40
Income & Growth	5¼	63.18	63.18xd	67.44	-0.19	4.07
Int'l Income	5¼	60.35	60.35xd	64.42	-0.04	4.62

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Brown Shipley & Co Ltd—Contd.						
North American	6	62.47	62.47	66.53	+0.21	0.98
Orient ‡	6	113.7	114.7xd	122.5	+0.30	-
Recovery	6	42.15	42.15	44.89	+0.06	3.80
Smaller Cos Acc	6	234.2	234.2xd	250.6	-0.70	-
Smaller Cos Inc	6	143.4	143.4xd	153.4	-0.30	1.28
Brycourt Unit Tst Mgmt Ltd (1400)F						
Hesketh Hse, Portman Sq, W1H 0JR 01-935 6382						
Income Growth	1	173.3	173.3xd	179.9	...	5.40
Buckmaster Mangmt Co Ltd (1200)H						
15 St Botolph Street, London EC3A 7JJ 01-247 4542						
Emerging Grwth	5¼	54.74	54.74	58.02	...	3.48
(Accum Units)	5¼	56.69	56.69	60.09	...	3.48
Fellowship Tst	5¼	59.98	60.78	64.67	...	3.32
(Accum Units)	5¼	62.71	63.56	67.62	...	3.32
General Inc	5¼	267.6	267.6	283.7	...	3.92
(Accum Units)	5¼	458.6	458.6	486.1	...	3.92
Income	5¼	140.2	142.9	151.6	...	4.86
(Accum Units)	5¼	284.7	290.0	307.7	...	4.86
International	5¼	107.5	107.5	114.0	...	1.00
(Accum Units)	5¼	148.6	148.6	157.5	...	1.00
Smaller Co's	5¼	93.41	93.41	99.01	...	2.11
(Accum Units)	5¼	103.6	103.6	109.8	...	2.11
Inv Portfolio	3	50.33	50.33	51.84	...	3.51
(Accum Units)	3	52.76	52.76	54.34	...	3.51
High Income Port	3	41.77	42.62	44.37	...	5.50
Burrage Unit Tst Mangmt Ltd (0905)F						
117 Fenchurch St, London EC3M 5AL 01-480 7216						
Short Dated Gilt	1¼	55.20	55.20	56.03	-0.01	12.95
CCF Foster Braithwaite UT Mngt (1100)F						
1 White Hart Yard, London SE1 1NX 01-407 5966						
CCF Sel High Inc Eqty	5¼	44.59	44.59	48.35	...	5.5
CCF Sel Intl Grwth	5¼	45.74	45.74	49.21	-0.44	1.52
CCF Sel Inv Tst	5¼	44.42	44.42	48.63	+0.13	2.0
CCF Sel BK Sm Co's	5¼	43.17	43.17	47.43	+0.07	1.00
CCL Unit Trusts Ltd (1400)F						
74 Shepherds Bush Green, W12 8SD 01-740 7070						
UK General Tst	5½	50.01	51.13	54.39	-0.27	2.86
Global Tst	5½	45.12	45.74	48.66	+0.10	0.35
Recovery Tst	5½	42.30	43.44xd	46.21	-0.15	1.92
CIBC Unit Tst Managers plc (1200)H						
Cottons Ctr, Cottons Lane, Ldn. SE1 2QL 01 234 6000						
Growth Fd Acc	5	106.9	108.2xd	114.1	-0.30	5.61
CIS Unit Managers Ltd (1000)F						
PO Box 105, Manchester M60 0AH 061 837 5060						
UK Growth	6	93.96	95.59	101.7	+0.2	3.03
UK Income	6	93.57	95.31xd	101.4	+0.2	6.37
CS Fund Managers Limited (1000)H						
125 High Holborn, London WC1V 6PY 01-242 1148						

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pembroke Administration Ltd (1700)F						
18-19 Sandland St, London WC1R 4PZ 01-430 0556						
Pembroke Accum	5	80.88	83.47	88.47	-1.32	2.43
Perpetual Unit Tst Mngmt (1200)F						
48 Hart Street, Henley on Thames 0491 576868						
International Grwth	5¼	342.74	342.74	364.57	+1.89	1.08
Income	5	216.52	216.52xd	231.58	-0.82	5.61
W'wide Recovery	5¼	205.43	205.43	219.72	+1.95	1.14
American Growth	5¼	94.14	94.41	100.98	+0.99	1.40
Intl Emerging Cos	5¼	96.32	96.32	103.02	+0.51	3.62
Far East Grwth	5¼	132.94	132.94	142.19	+0.45	2.13
European Grwth	5¼	100.31	100.60	107.60	+1.20	1.56
UK Growth	5¼	43.04	43.04	46.04	-0.20	3.29

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Schroder Unit Trusts Ltd—Contd.						
Japan Smllr Cos ‡	5¼	342.4	346.3	368.4	+0.30	0.00
(Accum Units) ‡	5¼	343.1	347.1	369.2	+0.10	0.00
Pacific Grwth ‡	5¼	48.03	48.93	52.05	-0.12	2.02
(Accum Units) ‡	5¼	48.26	49.17	52.30	-0.12	2.02
Smaller Co's	5¼	149.3	154.7	164.5	-0.30	3.06
(Accum Units)	5¼	163.8	169.7	180.5	-0.30	3.06
Tokyo ‡	5¼	79.44	80.21	85.32	+0.60	0.00
(Accum Units) ‡	5¼	80.24	81.01	86.18	+0.60	0.00
UK Equity	5¼	142.4	143.6	152.9	-0.30	3.42
(Accum Units)	5¼	238.9	241.02	256.5	-0.60	3.42
US Smllr Cos	5¼	48.42	49.53	52.69	+0.11	0.00
(Accum Units)	5¼	48.42	49.53	52.69	+0.11	0.00
Institutional Funds						
Charity ‡	5	710.6	716.0	761.7	...	4.55

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Portfolio	5	53.51	53.60xd	57.18	-0.19	3.95
(Accum Units)	5	55.91	56.02xd	59.75	-0.20	3.95
Recovery	5	225.8	225.8xd	240.9	...	3.95
(Accum Units)	5	263.6	263.6xd	281.2	...	3.95
UK Smaller Co's	5	41.85	41.85	44.62	+0.06	2.14
(Accum Units)	5	43.94	43.94	46.87	+0.06	2.14
Institutional Funds						
UK Equity May 2 F	2	328.9	335.5	344.2	+5.10	4.49
(Accum Units) F	2	556.5	567.9	582.5	+5.30	4.49
Amer Sm Cos Equity	2	53.49	53.89xd	55.28	+0.34	0.00
(Accum Units)	2	53.92	54.33xd	55.73	+0.34	0.00

* Compound Annual Rate

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Merlin Jupiter Unit Tst Mgrs Ltd (0905)F						
197 Knightsbridge, London SW7 1RB 01-581 3020						
American Cap	5	102.9	102.9	109.4	-0.5	0.92
Income	5	86.77	87.54	93.12	+0.44	6.55
Resources & General	5	111.0	112.1	119.2	+0.1	2.70
Special Sits	5	31.65	31.65	33.67	-0.09	3.98
International	5	52.69	52.69	56.05	+0.07	3.08
Ecology	5	57.04	58.28xd	62.00	-0.09	1.94
PK English Trust (Inv Man) Ltd (1000)F						
12 Carthusian St, London EC1M 6EB 01-796 1200						
American*	4	64.29	64.29	67.09	-0.14	0.0
Far Eastern*	4	173.71	173.71	182.44	-4.44	0.1
Growth‡	4	168.45	170.41	180.94	...	4.1
Income‡	4	122.68	124.16	133.05	...	6.1
Scandinavian‡	4	76.66	76.63	81.80	...	0.5

‡ Dealing Day: Wed. *Dealing day: Thurs.

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Pearl Unit Trusts Ltd (1000)H						
PO Box 500, Thorpe Wood, Peterborough PE3 6GD						
Dealing: 0800 626577 Enquiries: 0733 67767						
Growth	5	105.8	108.1xd	113.7	+0.2	3.73
(Accum Units)	5	173.8	177.6	186.9	+0.4	3.73
Income	6	162.9	166.0xd	176.6	+0.5	4.92
Equity	6	166.1	169.0	179.8	+0.5	3.46
(Accum Units)	6	313.3	318.8	339.1	+0.9	3.46
Intl Equity	6	171.4	173.5	184.5	+0.8	2.07
(Accum Units)	6	180.2	182.4	194.0	+0.9	2.07
UK Income	6	44.84	45.56	48.47	+0.14	4.97
UK Intl 25	6	45.56	46.18	49.12	+0.17	3.07

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♣ - 1401 to 1700 hours; ♠ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Thornton Unit Managers Ltd (1000)F						
33 Cavendish Sq., London W1M 7HF 01-493 7262						
Dealing 01-493 8545						
American Opps	5	53.02	53.84	57.42	+0.43	0.19
(Accum Units)	5	54.56	55.40	59.09	+0.45	0.19
European Opps	5	76.74	76.95	82.07	+0.46	0.00
(Accum Units)	5	77.16	77.37	82.52	+0.46	0.00
Far Eastern Opps	5	129.41	129.63	138.26	+0.37	0.00
(Accum Units)	5	130.24	130.46	139.15	+0.38	0.00
Golden Opps	5	36.03	36.03	38.42	-0.21	0.00
(Accum Units)	5	37.06	37.06	39.52	-0.21	0.00
Intl Hi-Yield	5	58.97	59.00	62.93	+0.05	4.38
(Accum Units)	5	64.28	64.32	68.60	+0.06	4.38
Sanyo Japan Tst	5	63.06	63.06xd	67.25	+0.13	0.00
(Accum Units)	5	63.06	63.06xd	67.25	+0.13	0.00
Kangaroo	5	29.52	29.52	31.48	+0.12	1.35
(Accum Units)	5	29.69	29.69	31.66	+0.12	1.35
Oriental Income	5	32.83	32.83	35.01	+0.02	4.99
(Accum Units)	5	37.46	37.46	39.95	+0.02	4.99
Tiger	5	145.29	145.29xd	154.97	+0.43	0.72
(Accum Units)	5	147.86	147.86xd	157.71	+0.43	0.72
UK Hi-Yield	5	40.52	40.52	43.21	+0.06	5.29
(Accum Units)	5	46.35	46.35	49.41	+0.08	5.29
UK Opps	5	51.27	53.68	57.40	+0.07	0.74
(Accum Units)	5	55.87	58.49	62.55	+0.08	0.74
Three Counties Asset Mngmt Ltd (1430)F						
Cuthbert House, Tower Road, Washington NE37 2SH 091 415 3034						
Balanced Portfolio	6	88.04	89.62	95.34	-0.84	4.00
Timberlake Trust Mngrs Ltd (0900)F						
1 White Hart Yard, London SE1 1NX 01 407 5966						
Portfolio	2	96.45	96.45	99.11	-0.14	1.19
Touche Remnant Unit Tst Mngt Ltd (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 01-248 1250						
4 Hourly Pricing – 12 Noon Historic						
TR American Gwth	5¼	47.11	47.11	50.25	+0.43	0
TR Eur Sp Sits Acc	5¼	45.76	45.76	48.64	+0.49	0

	Bid Price	Offer Price	+ or -	Yield Gross
NM Rothschild Asset Management Ltd				
NC Managed	54.9	58.5xd	+0.2	3.98
NC Property	191.9	209.7xd	.....	–
J. Rothschild Fund Managers Ltd				
Intl Exempt	142.9	144.4	.....	3.58
Stewart Ivory & Co. Ltd				
Saints PPP Apr 2	248.4	261.5	.....	0.00
Closed to new business				
Thornton Unit Managers Ltd				
Managed Exempt May 1	97.17	103.98xd	.....	3.98
(Accum Units)	97.93	104.69xd	.....	3.98
Touche Remnant Unit Tst Mngt Ltd				
TR Exempt European	1224	1298xd	-6	1.46
TR Exempt Nth Amer	941	956xd	-6	3.40
TR Exempt Pac Basin	862	875xd	+7	0

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
AA Friendly Society				
(Investment Mngt M & G Inv Mngt Ltd)				
AA Friendly Sy Apr 12	–	168.1	.....	–
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	299.7	315.5	.....	–

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National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	98.4	103.6	+0.6	-
Managed Growth	135.1	142.3	+0.9	-
Managed Opportunity	137.7	145.0	+0.1	-
NFMC Target Financial	94.4	99.4	+0.6	-
Pension Funds				
Managed Cautionary	104.2	109.7	-0.3	-
Managed Growth	139.3	146.7	+0.5	-
Managed Opportunity	140.2	147.6	+0.4	-
NFMC Target Mngd Pen	1458.3	1535.1	+0.1	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Managed Fund	211.2	222.4	....	-
Managed Prosper Fund	177.6	187.0	....	-
Pens Managed	277.2	291.8	....	-
Pens UK Equity	319.5	336.4	....	-
Pens Overseas Equity	389.7	410.3	....	-
Pens Property	146.7	154.5	....	-
Pens Fixed Interest	162.6	171.2	....	-
Pens Index Linked	140.1	147.5	....	-
Pens Deposit	194.9	205.2	....	-
Harvester & P.R.P.				
UK Equity	139.7	147.1	....	-
Overseas Equity	139.5	146.9	....	-
Fixed Interest	111.2	117.1	....	-
Property	122.1	128.6	....	-
Index Linked	127.3	134.1	....	-
Deposit	135.3	142.5	....	-
Managed	139.8	147.2	....	-
With Profits	137.9	145.2	....	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 01-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	325.5	342.7	+0.2	-
UK Equity	404.8	426.2	-1.4	-
Overseas Eq.	350.0	368.5	+0.8	-
Americas	261.1	274.9	+1.8	-
Far East	366.4	385.7	-0.5	-
Property	215.5	226.9	-0.1	-
Fixed Int.	205.8	216.7	+2.2	-
Indexed Gilt	135.6	142.8	+1.2	-
Deposit	163.0	171.6	+0.1	-
Pension Fund (Accum Units)				
Managed	442.6	465.9	-0.2	-
UK Equity	504.9	531.5	-1.5	-
Overseas Eq.	568.9	598.9	-1.4	-
Americas	347.8	366.2	+2.0	-
Far East	603.3	635.1	-1.0	-
Property	265.9	279.9	-0.2	-
Fixed Int.	248.7	261.8	+2.3	-
Indexed Gilt	148.8	156.7	+1.3	-
Deposit	220.1	231.7	+0.1	-
NPI Pensions Management Ltd				
Managed Fund	1029.8	1048.2	....	-

Prices May 1 Next dealing June 1

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 3JS 0603 683986

	Bid Price	Offer Price	+ or -	Yield Gross
NUAM Funds				
Managed Fund	63.3	66.6	....	-
Stock Market Mngd Fund	62.0	65.3	+0.1	-
Equity Fund	64.8	68.3	-0.2	-
International Fund	60.9	64.2	+0.3	-
European Fund	74.6	78.5	+0.9	-
North American Fund	58.7	61.8	+0.3	-
Pacific Fund	62.8	66.1	-0.1	-

[illegible]

Providence Capital Life Assc. Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
UK Managed Initial		111.0	....	-
Property Initial		167.6	....	-
Money Initial		80.2	....	-
Special Market Initial		129.4	+0.4	-
Japan Equity Initial		95.9	+0.5	-
North American Initial		81.6	+0.8	-
Pacific Initial		76.5	-0.3	-
Technology Initial		92.3	-0.2	-
Nat Resources Initial		56.0	+0.3	-
European Initial		108.7	+0.3	-
Residential Prop Init		99.5	....	-
Swiss Equities Initial		36.7	+0.4	-
Hong Kong Initial		49.4	+0.1	-
UK High Inc Eq Init		63.5	-0.3	-
Int Fixed Interest Init.		48.1	-0.1	-
Int Managed Init.		55.6	+0.1	-
HIP Managed Init.		109.9	-0.2	-
HIP Managed II Initial		97.7	....	-
Broker Funds				
High Performance	74.0	78.0	+0.1	-
Towerhill Mngd Fd Acc.	48.5	51.1	+0.2	-
YRA Executive Fd	92.8	97.8	+0.2	-
£ Global Growth Acc.	130.5	137.6	....	-
[illegible]	111.4	117.7	....	-
IM Balanced		54.1	-0.1	-
H.F. Speculator Fd.		146.5	-1.0	-
PEP Acorn II		118.0	+0.1	-
PEP Cautionary		81.8	....	-
AAFS Int Man Fund		115.6	+0.5	-
Andrews-Green Inv Port.		96.7	+0.2	-
Individual Pension Funds				
UK Equity Acc.	210.5	222.1	-0.3	-
UK Fixed Interest Acc.	170.2	179.6	+0.1	-
Intl Equities Acc.	242.9	256.3	+0.8	-
UK Managed Acc.	174.4	183.9	-0.1	-
Property Acc.	211.5	223.2	-0.1	-
Money Acc.	139.3	147.0	+0.1	-
Special Market Acc.	258.1	272.3	+1.0	-
Japan Equity Acc.	194.6	205.3	+0.9	-
North American Acc.	127.2	134.2	+1.6	-
Pacific Acc.	187.0	197.3	-0.6	-
Technology Acc.	152.3	160.7	-0.3	-
Natural Resources Acc.	107.6	113.6	+0.5	-
European Acc.	145.8	153.9	+0.7	-
Residential Prop Acc.	109.8	115.9	....	-
Swiss Equities Acc.	38.1	40.2	+0.6	-
Hong Kong Acc.	51.6	54.5	....	-
UK High Inc Eqn Acc.	70.2	74.1	-0.3	-
Int Fixed Interest Acc.	51.4	54.3	-0.2	-
Int Managed Acc.	59.2	62.4	+0.2	-
Group Pension Funds				
Equity Acc.	801.5	826.5	+1.8	-
Fixed Interest Acc.	525.8	542.1	....	-
Managed Acc.	126.7	129.2	+0.2	-

Provident Life Assoc Ltd
Provident Way, Basingstoke RG21 2SZ 0256 470707

	Bid Price	Offer Price	+ or -	Yield Gross
Unit Fund (Mixed)	998.0	1047.9	+4.0	-
Equity Fund	228.3	239.7	+1.1	-
International Fd.	155.1	162.9	+1.4	-
Fixed Interest Fd.	141.6	148.7	-0.2	-
Property Fund	225.7	237.0	(z)	-
Index-Linked Fund	138.6	145.5	+0.3	-
Deposit Fund	149.0	156.4	+0.1	-
Pens. Mixed (Ord) Fd.	239.5	251.5	+1.0	-
Gold Pensions				
Discretionary Fund		116.6	+0.4	-

[illegible]

Royal Heritage Life Assurance Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Gartmore Funds (formerly Dependelaser)				
Global Inc & Grth.	119.7	126.0	+0.3	-
Worldwide Recovery	110.4	116.3	....	-
Japan Select Opps	-	-	....	-
European Select Opps	161.3	169.8	+7.0	-
Pacific Growth	166.0	174.8	+0.3	-
Intl Managed	90.3	95.1	+0.7	-
Perpetual Funds				
International Growth	113.2	119.2	+0.6	-
Income	107.1	112.8	-0.3	-
American Growth	101.7	107.1	-1.2	-
Intl Emerging Cos.	114.8	120.9	+0.6	-
Far East Growth	168.2	177.2	+0.5	-
European	155.3	163.5	+1.6	-
Managed	118.4	124.7	+0.5	-
TSB Funds				
Income	112.1	118.1	-0.2	-
Managed	128.2	135.0	....	-
Broker Managed				
City Capital Bond	158.7	167.1	....	-
Birchwood	148.3	156.2	....	-
Hardwick Inv. Mngt.	107.4	113.1	+0.1	-
Sterling Cap Growth	89.2	93.9	....	-
Connaught Swift Fund	39.9	42.0	-1.9	-
Andrews Green Inv Pfl.	119.4	125.7	+0.3	-
Stoneleigh Inv Man Bd.	147.0	154.8	....	-
Western Counties Mng.	139.0	146.4	-1.8	-
Fosters International	125.5	132.2	....	-
Richards, Longstaff	127.3	134.0	+1.9	-
Heritage Mngd Bond	162.8	171.4	-0.9	-
DDA Gilbey Mgd Eq Fd.	90.0	94.8	-6.5	-
Guy Brewer Fd.	120.1	126.5	....	-
J J Barrington Int. Fd.	111.5	117.4	....	-
G & T Smaller Cos Fd.	100.5	105.8	....	-
J J Barrington Mngd.	100.6	105.9	+0.2	-
Charles Stanley	312.0	328.5	-5.7	-
Ethical Inv.	121.8	128.3	....	-
Investors Income Bd.	87.5	92.2	-1.2	-

Royal Life Insurance Ltd
New Hall Place, Liverpool L69 3HS 051-239 3000

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Shield Fd.	608.5	643.9	....	-
Royal Life (Unit Linked Assurance) Ltd				
Managed Fund	250.3	263.4	....	-
Equity Fund	332.7	350.2	....	-

[illegible]

Skandia Life Assurance Co Ltd – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Other Company Funds				
Abtrust Mngd Grth Life	93.5	98.4	+0.1	-
Abtrust Mngd Grth Pen.	93.3	98.2	+0.1	-
Nelson Miles Mngd Pen.	87.3	91.8	+0.4	-
Skandia Baring Funds				
Eastern	126.6	133.2	+0.3	-
Equity Income	93.6	98.5	+0.4	-
European Smllr Co's	130.3	137.1	+0.1	-
Global Growth	110.4	116.2	+0.7	-
Portfolio	100.6	105.8	+0.1	-
Japan Growth	96.4	101.4	+0.9	-
Japan Sunrise	96.1	101.1	+1.2	-
European Growth	138.8	146.1	+0.5	-
American Growth	108.0	113.6	+0.8	-
UK Smaller Companies	85.1	89.5	....	-
Managed	99.7	104.9	+0.4	-
Skandia Fidelity Funds				
American	117.3	123.4	+0.3	-
American Equity Inc.	102.3	107.6	+0.1	-
American Special Sits.	102.3	107.6	-0.2	-
Eastern Opps.	117.9	124.1	+0.8	-
European	252.6	265.8	+0.3	-
European Income	132.2	139.1	-0.1	-
1992 Euro Opps.	105.5	111.0	+0.2	-
Famous Names	80.0	84.2	....	-
Far East Income	112.6	118.5	+0.3	-
Gilt & Fxd Interest	96.0	101.0	-0.1	-
Global Convert'ble	94.3	99.2	+0.2	-
Growth & Income	125.9	132.5	+0.5	-
Income Plus	131.9	138.8	+0.4	-
International Bond	110.6	116.4	+0.1	-
Japan	119.8	126.1	+2.0	-
Japan Special Sits.	161.7	170.2	+3.0	-
Managed International	110.2	116.0	+0.5	-
Recovery	114.3	120.3	-0.2	-
South East Asia	188.9	198.8	+0.4	-
Special Sits	162.9	171.4	....	-
Managed	141.1	148.5	+0.4	-
Skandia Framlington Funds				
American Smllr Co's	100.1	105.3	+0.2	-
American T'around	113.3	119.2	....	-
Capital	192.1	202.2	+0.1	-
Convertible	158.3	166.6	-0.2	-
European	182.7	192.3	....	-
Extra Income	273.3	287.6	+0.5	-
Financial	106.7	112.3	-0.1	-

[illegible]

Sun Alliance Group – Contd.

[illegible]

Towry Law & Co – Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
Royal Life (Unit Lnkd Ass)	112.8	118.7	....	-
Scot Equitable (Life)	155.3	163.5	+0.2	-
Scot Equitable (Pens)	120.0	126.3	+0.4	-
Scot Mutual (Life)	173.5	182.7	+0.8	-
Scot Mutual (Pens)	159.8	168.3	+0.8	-
Scot Mutual Venture Fd.	113.1	119.1	+0.6	-
Prudential Holborn	119.5	125.8	+0.1	-

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 B6XF 01-836 4321

	Bid Price	Offer Price	+ or -	Yield Gross
Target Mngd Bond	207.7	218.7	+2.2	-
Target Mngd Pension	127.7	134.5	+0.6	-

[illegible]

OFFSHORE AND OVERSEAS

Capital House Fund Mgrs – Contd.

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed						
Intl Portfolio	$	1.631	1.645	1.746	[illegible]	-
Managed Currency	$	1.795	1.798	1.894	[illegible]	-

Gartmore Fund Managers International Ltd
PO Box 278, 45 La Motte St., Jersey 0534 27530

[illegible]

MANAGEMENT SERVICES

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

LUXEMBOURG (SIB RECOGNISED)

[illegible]

JERSEY (SIB RECOGNISED)

[illegible]

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JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

GUERNSEY (**)

ISLE OF MAN (**)

LUXEMBOURG (**)

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling steady

CURRENCY movements were restricted to narrow bands yesterday in a market lacking fresh factors but awaiting news on US employment data and British local government elections.

Dealers described trading as uneventful but looked to today's US employment figures to provide a stimulus, on forecasts of a sharp rise in April US non-farm payrolls. At the London close the dollar was unchanged at DM1.6820 but had eased to FFr5.6410 from FFr5.6425; to SFr1.4545 from SFr1.4550; and to Y158.10 from Y158.30. According to the Bank of England the dollar's index was unchanged at 68.3.

Sterling was steady despite speculation that the ruling Conservative Party would suffered heavy losses at yesterday's local government elections. Dealers suggested that sentiment is likely to be influenced by the Conservatives' ability to hold marginal London regional areas such as Wandsworth and Westminster. If these councils do not fall to the opposition Labour Party, the market may decide that all is not lost for the Government's next general election prospects.

In London the pound finished 5 points lower against the dollar at $1.6430. Sterling also eased slightly to DM2.7625 from DM2.7650; to FFr9.2675 from FFr9.2725; to SFr2.3900 from SFr2.3925; and to Y259.75 from Y260.25. The pound's index fell 0.1 to 87.0.

The Japanese yen traded quietly, with Tokyo closed for a public holiday, but the currency was firmer overall. The D-Mark eased to Y94.00 from Y94.10 at the London close.

German monetary union continued to cast a shadow over the D-Mark. Mr Helmut Kohl, West German Chancellor, said it is imperative that legislators stick to the timetable for monetary union by July. The D-Mark finished unchanged against the Italian lira at L732.75 and eased to FFr3.3535 from FFr3.3545 in terms of the French franc. The Spanish peseta was steady at the top of the European Monetary System and the lira continued to hover around its upper divergence limit against the weaker currencies.

The Australian dollar was firm, rising to 75.50 US cents from 75.25 cents in London. Disappointing Australian trade figures had no adverse impact on the currency, as the wider trade gap discouraged any further thoughts of easier monetary policy. Australia's current account deficit in March increased to a seasonally adjusted A$1.92bn from a revised A$1.25bn in February.

Mr Paul Keating, the Australian Treasurer, said that the trade figures were not as good as expected and there would be no easing of monetary policy in the next few months. Dealers in Sydney were uncertain whether the Reserve Bank of Australia intervened soon after the trade figures were announced, but suggested that the absence of central bank intervention in the afternoon pushed the local currency up in late trading.

£ IN NEW YORK

May 3	Latest	Previous Close
£ Spot	1.6420-1.6430	1.6845-1.6852
1 month	0.91-0.90pm	0.90-0.89pm
3 months	2.61-2.59pm	2.67-2.65pm
12 months	9.05-8.95pm	9.22-9.15pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	May 3	Previous
8.30 am	87.1	87.1
9.00 am	87.1	87.1
10.00 am	87.0	87.1
11.00 am	87.0	87.1
Noon	87.1	87.0
1.00 pm	87.0	87.1
2.00 pm	87.0	87.1
3.00 pm	87.0	87.1
4.00 pm	87.0	87.1

CURRENCY RATES

May 3	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling	-	0.794800	0.741355
U.S Dollar	7	1.30228	1.21731
Canadian $	13.32	1.52002	1.41938
Austrian Sch.	6½	15.4516	14.4117
Belgian Franc	10¼	45.3128	42.2648
Danish Krone	10½	8.34566	7.78101
Deutsche Mark	6.00	2.19682	2.04799
Neth. Guilder	7.00	2.46977	2.30278
French Franc	10¼	7.36570	6.87169
Italian Lira	13½	1610.41	1500.94
Japanese Yen	5¼	206.346	192.030
Norway Krone	8	8.50193	7.93805
Spanish Peseta	-	N/A	128.340
Swedish Krona	12	7.94912	7.42434
Swiss Franc	6.00	1.90328	1.77057
Greek Drach.	20½	N/A	200.600
Irish Punt	-	N/A	0.763201

† European Commission Calculations.
* All SDR rates are for May 2

CURRENCY MOVEMENTS

May 3	Bank of England Index	Morgan** Guaranty Changes %
Sterling	87.0	-24.4
U.S Dollar	68.3	-9.7

EURO-CURRENCY INTEREST RATES

May 3	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	15-14⅞	15⅛-14⅞	15⅛-15	15¼-15⅛	15⅜-15¼	15⅞-15⅝
US Dollar	8¼-8⅛	8⅜-8¼	8¼-8⅛	8⅜-8¼	9-8⅞	9¼-9⅛
Can. Dollar	13-12⅞	13-12⅞	13¼-13	13½-13¼	13⅝-13⅜	13⅝-13⅜
D. Guilder	8¼-7⅞	8¼-7⅞	8⅜-8¼	8⅝-8½	8⅞-8⅝	9¼-9⅛
Sw. Franc	9¼-8⅞	9¼-9	9⅜-9¼	9⅜-9¼	9⅜-9¼	9¼-9⅛
Deutschmark	7⅞-7¾	7⅞-7¾	8¼-7⅞	8⅜-8¼	8½-8⅜	9⅛-9
Fr. Franc	9⅝-9½	9⅝-9½	9⅝-9½	9¾-9⅝	9⅞-9¾	10¼-10
Italian Lira	13-11	12¼-11¼	11¾-11½	11¾-11½	12-11⅞	12½-12¼
Belgian Franc	9⅞-9¾	10-9⅞	10-9⅞	10¼-10⅛	10⅜-10¼	10⅝-10½
Yen	7⅜-7¼	7¼-7⅛	7⅜-7¼	7⅜-7¼	7½-7⅜	7⅞-7¾
D. Krone	10½-10¼	11-10¾	10⅞-10⅝	10⅝-10½	10⅝-10½	10⅞-10⅝
Asian $Sing	8¼-8⅛	8⅜-8¼	8⅜-8¼	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years 9⅜-9¼ per cent; three years 9½-9⅜ per cent; four years 9⅝-9½ per cent; five years 9¾-9⅝ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

OTHER CURRENCIES

May 3	£	$
Korea(Sth)	1147.80-1166.30	703.00-708.60
Kuwait	0.4805-0.4810	0.2935-0.2940
Luxembourg	56.95-57.05	34.65-34.75
Malaysia	4.4390-4.4500	2.7060-2.7080
Mexico	4617.05-4620.10	2811.50-2812.50
N Zealand	2.8640-2.8685	1.7435-1.7460
Saudi Ar.	6.1425-6.1480	3.7500-3.7510
Singapore	3.0780-3.1015	1.8755-1.8775
S Af (Cm)	4.3645-4.3755	2.6605-2.6620
S. Af (Fn)	6.6455-6.7550	4.0485-4.1150
Taiwan	43.20-43.30	26.35-26.40
U.A.E.	6.0140-6.0210	3.6715-3.6735

*Selling rate

FINANCIAL FUTURES AND OPTIONS

[illegible]

CAC-40 FUTURES (MATIF) Stock Index	Open	Close	Change	High	Low	Open Int
May	2105.0	2118.0	+38.0	2121.0	2094.5	4,101
June	2100.0	2118.0	+36.0	2118.0	2100.0	392
July	2100.0	2100.0	+18.0	2100.0	2100.0	0
September	-	-	-	-	-	10

Estimated volume 3,967 Total Open Interest 4,503

POUND-$ (FOREIGN EXCHANGE)	Spot	1-mth.	3-mth.	6-mth.	12-mth.
	1.6430	1.6341	1.6171	1.5992	1.5525

IMM-STERLING $s per £	Latest	High	Low	Prev.
Jun	1.6296	1.6324	1.6292	1.6294
Sep	1.6050	1.6062	1.6050	1.6044
Dec	-	1.5828	-	1.5818

BASE LENDING RATES

	%		%		%
ABN Bank	15	Co-operative Bank	*16	NatWestminster	15
Adam & Company	15	Coutts & Co	15	Northern Bank Ltd	15
Allied Trust Bank	15	Cyprus Popular Bk	15	Nykredit Mortgage Bank	15½
Allied Irish Bank	15	Dunbar Bank PLC	15	Provincial Bank PLC	16
● Henry Ansbacher	15	Duncan Lawrie	15	Roxburghe G'rantee	15½
Associates Cap Corp	15½	Equatorial Bank plc	15	Royal Bk of Scotland	15
● B & C Merchant Bank	15	Exeter Trust Ltd	15½	Royal Trust Bank	15
Bank of Baroda	15	Financial & Gen. Bank	15	● Smith & Williman Secs.	15
Banco Bilbao Vizcaya	15	First National Bank Plc.	16½	Standard Chartered	15
Bank Credit & Comm	15	● Robert Fleming & Co.	15	TSB	15
Bank of Cyprus	15	Robert Fraser & Ptnrs.	15½	UDT Bank Plc	15
Bank of Ireland	15	Girobank	15	● United Bk of Kuwait	15
Bank of India	15	● Guinness Mahon	15	United Mizrahi Bank	15
Bank of Scotland	15	HFC Bank plc	15	Unity Trust Bank Plc	15
Banque Belge Ltd	15	● Hambros Bank	15	Western Trust	15
Barclays Bank	15	Hampshire Trust Plc	15½	Westpac Bank Corp.	15
Benchmark Bank PLC	15	Heritable & Gen Inv Bnk.	15	Whiteaway Laidlaw	15
Brit Bk of Mid East	15	● Hill Samuel	§15	Yorkshire Bank	15
● Brown Shipley	15	C. Hoare & Co.	15		
CL Bank Nederland	15	Hongkong & Shangh	15		
● Charterhouse Bank	15	● Leopold Joseph & Sons	15		
Citibank NA	15	Lloyds Bank	15		
City Merchants Bank	15	Meghraj Bank Ltd	15		
Clydesdale Bank	15	McDonnell Douglas Bnk.	15		
Comm.Bk.N.East	15	Midland Bank	15		
		Mount Banking	15		
		Nat Bk. of Kuwait	15		

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MONEY MARKETS

London rates ease

INTEREST RATES on the London money market had a softer tone yesterday, influenced by lower yields on UK gilts and foreign bonds, but trading was very nervous, waiting to see whether the result of yesterday's local government elections have any impact on sterling. The important three-month sterling interbank rate declined to 15⅛-15¼ per cent from 15¾-15⅝ and one-year money fell to 15⅞-15¾ per cent from 15⅞-15⅞.

UK clearing bank base lending rate 15 per cent from October 5

Short sterling futures were supported by the easier tone in cash interest rates and the steady performance of the pound. This led to a widening in the spread between between September and June delivery to 21 from 13 basis points. September short sterling opened firmer at 84.76, the day's low, and rose to finish at 84.88, against 84.73 previously.

Credit remained in short supply on the money market, and the Bank of England did not appear to give enough help on the day. A shortage of £750m was initially forecast, but this was revised to £800m at noon. Total assistance of £462m was provided.

Before lunch the authorities bought £132m bills outright, by way of £92m bank bills in band 1 at 14⅞ per cent and £40m bank bills in band 2 at 14¾ per cent. In the afternoon another £205m bills were purchased, via £205m £28m bank bills in band 1 at 14⅞ per cent and £177m bank bills in band 2 at 14¾ per cent. Late assistance of around £125m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £418m, with Exchequer transactions absorbing £175m, a rise in the note circulation £115m, and bank balances below target £50m.

In Paris the Bank of France left its money market intervention rate at 9½ per cent and the five to 10-day repurchase rate at 10¼ per cent at yesterday's securities repurchase tender.

In Brussels the National Bank of Belgium cut the rate by 0.15 per cent to 10.10 per cent on four-month paper issued by the Securities Regulation Fund, but rates on short-term Treasury bills, were unchanged.

In Frankfurt call money firmed slightly to 7.95 from 7.90 per cent. At yesterday's council meeting the Bundesbank left credit policies unchanged, with the discount rate at 6 per cent and the Lombard rate at 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 3) 3 months US dollars		6 months US Dollars	
bid 8⅞	offer 8⅞	bid 8⅞	offer 9

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime) — Treasury Bills and Bonds

Prime rate	10	One month	7.03	Three year	9.05
Broker loan rate	9¼	Two month	7.86	Four year	9.06
Fed funds	8¼	Three month	8.19	Five year	9.03
Fed funds at intervention	-	Six month	8.47	Seven year	9.07
		One year	8.61	10-year	9.04
		Two year	9.00	30-year	8.99

May 3	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	7.90-8.00	8.05-8.20	8.05-8.20	8.25-8.35	8.65-8.80	8.00
Paris	9⅞-9⅞	9⅞-9⅞	-	9⅞-9⅞	-	9.50
Zurich	8⅞-8⅞	9⅛-9⅛	-	9⅛-9⅛	-	-
Amsterdam	8.44-8.56	8.33-8.43	-	8.62-8.72	-	-
Tokyo	7⅛-7¼	7⅛-7⅛	-	7⅛-7⅞	-	-
Milan	11¾-12¼	11-11¼	-	11¾-12¼	-	-
Brussels	10.50	9¾-10	-	10-10¼	-	-
Dublin	10¼-10½	11¼-11½	11½-11¾	11⅞-11⅞	11¾-11¾	-

LONDON MONEY RATES

[illegible]

> **NOTICE TO THE WARRANTHOLDERS OF THE 600.000 SOCIETE GENERALE WARRANTS ISSUED ON OCTOBER 13, 1989 TO ACQUIRE ORDINARY SHARES IN HAVAS**
>
> The Company HAVAS has resolved to make a free distribution of shares of its common stock to shareholders, at the rate of one new share for three shares held and thereafter to subdivide the par value of the shares by 2.
>
> As a result in accordance with conditions 7(b) and 7(e) of the Terms and Conditions of the warrants, notice is hereby given that SOCIETE GENERALE will adjust, effective as of 7th may 1990:
>
> — the number of shares relating to each warrant, initially fixed at 1/4 of share HAVAS per warrant, to 2/3 of share HAVAS per warrant
>
> — the strike price, initially fixed at FRF 1,190.- per share HAVAS, to FRF 446,25 per share HAVAS
>
> Consequently, efective as from 7th may 1990, the exercice of three warrants will entitle a warrantholder, to purchase two common shares HAWAS at the exercice price of FRF 446,25 per share HAVAS.
>
> The Warrant Agent,
>
> **SOCIETE GENERALE ALSACIENNE DE BANQUE LUXEMBOURG BRANCH**

COMPANY NOTICES

HENDERSON UNIT TRUST MANAGEMENT LIMITED

Announce with effect from 2nd May, 1990 HENDERSON CAPITAL GROWTH TRUST has been merged following an approved Scheme of Amalgamation into BEST OF BRITISH TRUST.

Holders of Capital Growth Trust income units will receive 1.5580 income units in Best of British Trust for every unit held. Holders of Capital Growth Trust accumulation units will receive 1.9360 income units in Best of British Trust for every unit held.

CROSSWORD

No.7,230 Set by HIGHLANDER

ACROSS

1 It's handed down traditionally to represent their period (8)
5 Not subject to state opposition (6)
9 Speed of sound's appending instant masculinity (8)
10 Still brought about by interference (6)
12 Senior members have joint office in church (9)
13 Minimum let, say (5)
14 Journalist for example is back in line (4)
16 Vehicle behind another advance promotion (7)
19 Because intrinsically it's slander (7)
21 Continue to look around (4)
24 Gun is ruined inside if round mouldy growths appear (5)
25 Italian starter could be twisted into pasta (9)
27 Medical man nervous in drag (6)
28 Cold restricts movement of wine, according to some (8)
29 More taken off instruction (6)
30 Liqueur original in taste and direction (8)

DOWN

1 Current contents of her box of goodies (6)
2 Withdraw sow again, they say (6)
3 One who attempts initially to run in every race (5)
4 Sticks together till Private Eye appears (7)
6 Struggle to get rid of argumentative female (6-3)
7 Guts involves getting right in (8)
8 Quiet diplomacy traps one vessel (8)
11 Notice heads turning (6)
15 Back revolutionary group to act with boldness (7-2)
17 Lift top off a dead flower (8)
18 Sincerity shown by the writer in one's society (8)
20 In the morning following previous test (4)
21 Thicken ingredients here (7)
22 Facial expression when kissed on the ear (6)
23 People will say where crew's quarters are (6)
26 Military police in America support quiet shoes (5)

Solution to Puzzle No.7,229

WORLD STOCK MARKETS

CANADA

TORONTO
2pm prices May 3

INDICES

NEW YORK

DOW JONES	May 2	May 1	Apr 30	Apr 27	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
¢Industrials	2689.64	2668.92	2656.76	2645.05	2810.15 (2/1)	2543.24 (30/1)	2810.15 (2/1/90)	41.22 (2/7/32)
Home Bonds	88.48	88.55	88.62	88.77	93.04 (3/1)	88.48 (2/5)	—	—
Transport	1138.69	1136.91	1129.98	1128.20	1201.10 (2/1)	1051.83 (30/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	204.79	204.10	203.09	203.72	236.23 (2/1)	203.09 (30/4)	236.23 (2/1/90)	10.50 (8/4/32)

¢Day's High 2697.30 (2687.39) Low 2659.01 (2651.35)

STANDARD AND POOR'S	May 2	May 1	Apr 30	Apr 27	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	334.48	332.25	330.80	329.11	359.69 (2/1)	322.98 (30/1)	359.80 (9/10/89)	4.40 (1/6/32)
Industrials	389.81	386.94	385.44	383.34	411.20 (2/1)	371.92 (30/1)	411.20 (2/1/90)	3.62 (21/6/32)
Financial	27.14	26.85	26.72	26.59	31.87 (3/1)	26.59 (27/4)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	183.34	182.22	181.49	180.74	198.00 (2/1)	178.43 (30/1)	199.34 (9/10/89)	4.46 (25/4/42)
Amex Mkt. Value	344.23	343.32	343.10	342.64	382.45 (5/1)	342.64 (24/4)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	423.58	421.85	420.07	417.98	460.90 (3/1)	410.72 (30/1)	485.73 (9/10/89)	54.87 (31/10/72)

	Apr 27	Apr 20	Apr 13	year ago (approx.)
Dow Industrial Div. Yield	4.15	4.07	-	3.45

	Apr 25	Apr 18	Apr 11	year ago (approx.)
S & P Industrial div. yield	3.13	3.05	3.04	3.26
S & P Indl. P/E ratio	14.72	15.08	15.13	12.85

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Am Gen Corp	(u)	47⅞	+ 7½
Ames Dept Stores	(u)	2⅞	+ ⅛
Union Carbide	(u)	18⅞	- ½
Gen Motors	(u)	44⅞	+ ½
Navistar Intl	(u)	3⅞	+ ¼
Schlumberger	(u)	51½	+ ⅜
IBM	(u)	109⅛	+ 1⅛
Citicorp	(u)	22½	+ ⅜
Philip Morris	(u)	42⅞	+ ⅛
Boeing	(u)	73	+ ¼

TRADING ACTIVITY

† Volume (Millions)	May 2	May 1	Apr 30
New York	141.610	149.020	122.750
Amex	9.932	8.951	8.230
NASDAQ	(u)	124.135	105.793
Issues Traded	1,945	1,951	1,960
Rises	853	811	727
Falls	583	676	735
Unchanged	509	464	498
New Highs	16	10	5
New Lows	79	85	123

CANADA

TORONTO	May 2	May 1	Apr 30	Apr 27	1990 HIGH	1990 LOW
Metals & Minerals	2907.70	2880.00	2907.50	2899.30	3453.05 (4/1)	2850.80 (23/4)
Composite	3340.40	3334.20	3341.00	3336.10	4009.47 (3/1)	3334.20 (1/5)
MONTREAL Portfolio	1728.09	1724.96	1730.06	1720.25	2060.90 (3/1)	1720.25 (27/4)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds.‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	May 3	May 2	May 1	Apr 30	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1467.7	1462.7	1440.6	1434.5	1713.7 (12/1)	1434.5 (30/4)
All Mining (1/1/80)	730.9	726.4	715.3	717.1	860.8 (5/1)	715.3 (1/5)
AUSTRIA						
Credit Aktien (30/12/84)	595.08	585.33	(c)	584.60	783.29 (19/3)	526.59 (2/1)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	6091.44	6082.07	(c)	6064.94	6599.43 (12/1)	5568.16 (26/2)
DENMARK						
Copenhagen SE (3/1/83)	360.15	358.39	355.94	357.58	380.47 (28/3)	352.96 (25/4)
FINLAND						
Unitas General (1975)	575.5	573.3	(c)	577.8	617.3 (23/1)	572.7 (25/4)
FRANCE						
CAC General (31/12/82)	552.00	546.95	(c)	547.13	557.11 (23/4)	482.94 (26/2)
CAC 40 (31/12/87)	2098.95	2066.03	(c)	2046.46	2129.32 (20/4)	1800.32 (26/2)
GERMANY						
FAZ Aktien (31/12/58)	791.46	776.15	(c)	766.89	830.92 (3/4)	732.71 (24/1)
Commerzbank (1/12/53)	2295.4	2251.0	(c)	2221.5	2414.0 (3/4)	2151.5 (24/1)
DAX (30/12/87)	1881.79	1843.41	(c)	1813.25	1968.55 (30/3)	1756.41 (24/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2954.61	2957.76	2945.18	2950.09	3067.67 (19/4)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1587.80	1582.61	1583.66	1612.93	1893.10 (22/1)	1582.61 (2/5)
ITALY						
Banca Com. Ital. (1972)	694.54	689.86	(c)	689.61	713.06 (17/4)	646.73 (26/2)
JAPAN						
Nikkei (16/5/49) †	(c)	30173.64	29689.83	(c)	38712.88 (4/1)	28002.07 (2/4)
Tokyo SE (Topix) (4/1/68)	(c)	2247.81	2214.78	(c)	2867.70 (4/1)	2058.82 (5/4)
2nd Section (4/1/68)	(c)	3579.96	3547.14	(c)	4384.68 (9/2)	3313.92 (5/4)
MALAYSIA						
KLSE Composite (4/4/86)	520.13	518.53	(c)	520.57	622.20 (20/2)	518.53 (2/5)
NETHERLANDS						
CBS Tfl.Rtn.Gen.(End 1983)	254.0	252.8	251.7	(c)	269.0 (3/1)	240.1 (26/2)
CBS All Shr (End 1983)	192.6	192.4	191.6	(c)	206.3 (3/1)	184.2 (26/2)
NORWAY						
Oslo SE (2/1/83)	793.51	790.06	(c)	775.50	845.40 (16/3)	701.67 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	952.17	963.08	(c)	936.57	1160.70 (21/3)	936.57 (30/4)
SINGAPORE						
SES All-Singapore (2/4/75)	402.97	401.61	(c)	401.34	443.34 (6/2)	401.34 (30/4)
SOUTH AFRICA						
JSE Gold (28/9/78)	1702.0&	1703.0	(c)	1738.0	2230.0 (16/1)	1692.0 (25/4)
JSE Industrial (28/9/78)	2832.0&	2820.0	(c)	2802.0	3211.0 (6/2)	2794.0 (25/4)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	750.82	(c)	718.45	688.66	928.82 (4/1)	688.66 (30/4)
SPAIN						
Madrid SE (30/12/85)	273.79	(c)	(c)	272.22	302.85 (4/1)	248.17 (2/4)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	1157.9	1156.7	(c)	1152.9	1317.88 (12/1)	1127.20 (2/4)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	746.9	742.3	(c)	740.3	787.2 (11/1)	737.6 (27/3)
TAIWAN**						
Weighted Price (30/6/66)	8502.28	8574.54	8734.93	9292.37	12495.34 (10/2)	8502.28 (3/5)
THAILAND						
Bangkok SET (30/4/75)	856.45	851.25	(c)	855.97	918.67 (5/1)	760.39 (7/2)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	483.3	477.9	475.9	571.0 (4/1)	468.3 (2/4)

**Saturday Apr. 28: Taiwan Weighted Price: 9665.50 Korea Comp Ex. 720.37
& Subject to official recalculation. † Nikkei Index for Apr 27 should have been 29584.80.
Apr6 Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed (u) Unavailable.

3pm prices May 3

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
37½	20¼	AAR	.48	2.1	14	1923	23⅛	22½	23	+ ⅛
9¼	8	ACM n	1.01	12.		132	8⅝	8⅜	8⅜	– ⅛
11⅞	10⅛	ACMIn	1.26	12.		295	10¼	10⅛	10⅛	– ⅛
9⅞	7¼	ACM M	n1.01	13.		267	7½	7⅜	7½	
12⅛	11⅞	ACMMM				111	11⅝	11½	11½	– ⅛
11½	9⅜	ACM Sc	1.26	13.		1658	10	9⅞	10	+ ⅛
9⅝	8⅜	ACMSp	1.01	12.		412	8⅝	8⅜	8⅜	+ ⅛
22⅞	14⅞	AL Lab	.16	.8	19	27	21	20⅞	20⅞	
6⅛	2¼	AM Intl			6	400	2½	2¼	2½	+ ¼
23⅛	12⅞	AM In pf	2	16.		19	12½	12¼	12½	+ ⅛
107¼	62½	AMR			12	2391	64	63⅞	63⅞	+ ⅞
24⅞	22⅞	ANR pf	2.12	9.2		2	23⅛	23⅛	23⅛	
4⅛	3	ARX				9	3⅛	3¼	3⅛	+ ⅛
72¼	39	ASA	3a	6.3		2013	48⅛	47	47⅞	+ ⅞
70⅞	54⅝	AbtLab	1.68	2.5	17	2281	68¼	67⅞	67⅞	– ⅛
35⅛	27¼	AbtLb wi				26	34⅝	34¼	34⅛	– ⅛
17⅛	11¼	AbitIbi	g .50			20	12⅝	12⅝	12⅝	
13	8⅞	AcmeC	.40	4.4	11	23	9	8⅞	9	+ ⅛
9¼	7½	AcmeE	.32	3.8	10	32	8⅜	8⅜	8⅜	
38½	26⅞	Acusn			22	446	36	35⅞	35⅞	+ ⅛
16½	13⅞	AdaEx	2.06e	13.		69	15⅞	15⅝	15⅞	+ ⅛
16⅞	8⅛	Adobe				212	11⅛	11⅛	11⅛	+ ⅛
21⅝	19⅞	Adob pf	2.40	12.		1	20½	20½	20½	– ⅛
10½	6⅞	AMD			18	1014	8⅞	8½	8½	– ⅛
35	28¼	AMD pf	3	10.		22	29⅞	29½	29½	– ⅛
10⅛	4⅛	Advest	.16	3.6	56	389	4½	4⅜	4½	– ⅛
62½	45¼	AetnLf	2.76	5.7	8	3542	48⅞	48⅜	48⅜	+ ½
14	9⅞	AffPb	.24	2.4		123	10¼	10⅛	10⅛	– ⅛
25	16⅛	Ahmans	.88	5.2	8	2387	16⅞	16⅝	16⅞	+ ⅞
3⅝	1⅞	Aileen				10	2⅛	2⅛	2⅛	– ⅛
63¼	40	AirPrd	1.32	2.4	14	2009	u64½	52⅞	64⅛	+ 1⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from previous Page

[illegible]

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Ch'ge
57	38¾	Wrigley	.88	1.7	19	147	53	52½	52⅞	+ ⅛
12⅞	7⅞	WyleLb	.28	2.4	15	148	11½	11¼	11½	+ ¼
27¼	18	Wynns	.80	3.0	13	346	19¾	19½	19¾	+ ¼
		– X – Y – Z –								
68½	46	Xerox	3	6.4		63838	47⅞	46¾	47⅞	+ ⅞
39⅝	21¼	XTRA	.72	3.3	27	21	21⅞	21⅝	21⅞	+ ¼
30¾	19	XTRA pf1.94		10.		40	19¼	19	19¼	+ ¼
4¾	2½	Zapata				270	2⅞	2¾	2¾	
21¼	7⅞	ZenithE				831	9¼	9	9	+ ⅛
21½	14	ZenNtl	.84	5.5	8	40	15⅛	15	15	+ ⅛
9¾	5⅞	Zenix	.90	16.		113	5⅞	5⅞	6	
18½	12⅞	Zero s	.40	3.0	12	65	13⅞	13⅝	13⅝	+ ⅛
44¼	27⅞	Zurnin	.76	1.8	20	134	42¾	42½	42¾	+ ¼
12⅝	10½	Zweig	1.21e	11.		186	11⅜	11¼	11⅜	
10	8⅞	ZweigTl	.96	10.		756	9½	9⅜	9⅜	

Sales figures are unofficial.Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months.g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months,plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices May 3

[illegible]

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Congst			177	1⅞	1⅞	1⅞	
Conste			38	15-16	15-16	15-16	
Coron g .05e			5195	6⅝	6½	6⅝	+ ⅛
HomeSh			553	7⅞	7⅛	7⅞	
Hrnhlr			282	4⅝	4⅛	4⅛	+ ⅛
HovnEn		5	80	5⅝	5¼	5⅛	
PlyGem	.12	8	116	7⅞	7¼	7⅞	– ⅛
Presd A	.10		164	6¼	6⅛	6¼	
PreCm s			624	3⅞	3⅝	3⅞	+ ⅛
Prism		11	10	3⅛	3⅛	3⅛	
PhLD	.14e	6	309	11⅞	11⅞	11⅞	+ ⅛
PionrSy			3	⅛	⅛	⅛	
PitDsm	.80	16	12	31½	31½	31½	+ ⅛

NASDAQ NATIONAL MARKET

3pm prices May 3

[illegible]

Stock	Div.	P/E	Sales 100s	High	Low	Last	Chng
XOMA			2583	18⅞	18	18⅞	+ ⅞
Xicor			868	2⅞	d 2⅛	2⅞	+ 3-16
YankEnS	1.14e	11	2031	19¼	d17⅞	19¼	+ ⅛
YelowF	.76	51	4242	29⅛	28¼	28⅞	– ⅛
YorkRs		19	286	11¼	10⅞	11⅛	– ⅛
ZionUt	1.44	10	163	30¼	29½	29¾	– ½

AMERICA

Dow encouraged by steady growth

Wall Street

ENCOURAGED by the US economy's slow but steady growth, investors yesterday pushed stocks higher for the fourth day running, *writes Roderick Oram in New York.*

The Dow Jones Industrial Average flirted with the 2,700 level for the first time in two weeks, but was unable to stay above it. At its best, the index was up more than 20 points at midday, but it had fallen back by 2 pm to a gain of 9.23 to 2,698.87.

Broader market indices followed a similar pattern, with the Standard & Poor's 500 index up 1.89 at 336.46 by early afternoon.

Trading volume on the New York Stock Exchange was moderately heavy, with more than 100m shares changing hands by early afternoon.

The stock market also drew strength from a firming bond market, where the yield of the Treasury's benchmark 30-year bond fell back below 9 per cent.

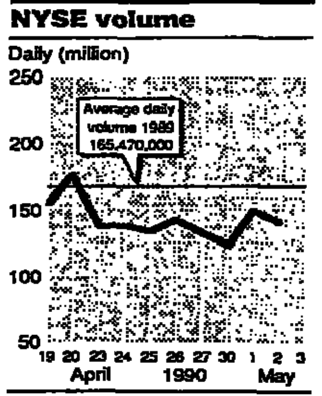
Four days of rising prices did not make for much of an equity rally, market analysts warned. The buying has been too modest and selective to indicate that investors are making a sustained switch back into stocks.

Among featured stocks yesterday, General Motors, up $⅞ at $45⅝, and Ford Motor, up $⅝ at $45⅝, both turned in sharply lower first quarter results. In GM's case, they were at the high end of forecasts whereas Ford's were at the low end. Both companies, like Chrysler which earlier reported a sharp downturn, continue to suffer from weak demand and price competition.

American General was the most active issue for the second day running, adding a further $⅛ to $48¼. Its board put itself up for sale on Wednesday.

Torchmark, which rose $¼ to $46⅝, had dropped an earlier bid of $50 a share but said it would make a new offer.

Regional banks made a better showing after Fleet-Northstar, the largest regional bank holding company in the north-eastern US, said it would maintain its 35 cents a share dividend in spite of reporting a first quarter loss. It rose $¾ to $19⅛.



Among other regional banks, NCNB was up $⅝ at $39⅞.

Retailers reported mixed sales performances for April. Woolworth, for example, boosted sales by 19.4 per cent, pushing its stock up $⅜ to $60⅞, while JC Penney's sales fell 1.7 per cent and its stock eased back $¾ to $62⅞.

Smith Corona added $¼ to $7¼ after its management said it would recommend the board to pay an unchanged 15 cents a share quarterly dividend. Fears that it would not had knocked $⅞ off its shares on Wednesday.

Household International, a leading consumer finance company, gave up $¼ to $41¾. In spite of its turning in quarterly profits of $1.36 a share against $1.19 a year earlier, analysts are concerned about its aggressive expansion into the real estate sector.

Canada

OPTIMISM that domestic interest rates might have peaked pushed Toronto stocks higher at midday in thin trade. The market was also boosted by Wall Street's rally, spurred by hopes that Opec's latest output agreement would be more effective than past deals. The composite index rose 11.7 to 3,352.1 on volume of 11.7m shares.

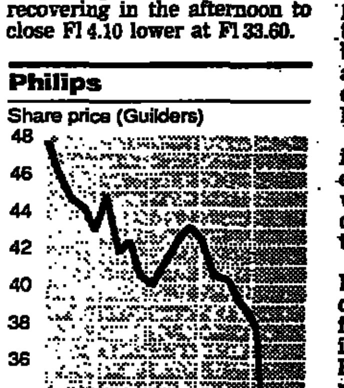
Campeau was the most active stock, plunging 85 cents to C$1.90. It had gained 65 cents in a speculative rally on Wednesday. Alcan climbed C$⅜ to C$23⅛, boosted by Amax chairman Mr Allen Born's comments that he expected aluminium prices to firm later in the year.

EUROPE

Another low blow for Amsterdam

SENIOR BOURSES saw most of the exciting action yesterday, with political inspiration from Germany and another reminder from the Netherlands that industry does not live in a sentimental world, *writes Our Markets Staff.*

AMSTERDAM was hit this time by Philips, which reported a slump in first quarter profits and plunged to Fl 32.50 before recovering in the afternoon to close Fl 4.10 lower at Fl 33.60.



This bombshell shattered market sentiment, already bruised by DAF's earnings warning on Tuesday, and the CBS Tendency index dropped to a low of 115.1 in early trading. But advances on other continental exchanges, especially Frankfurt, helped the index off its lows to close 0.6 higher at 116.4.

DAF rebounded Fl 2.30 to Fl 30.30. The food retailer, Ahold, ex a dividend of Fl 1.30, rose Fl 4.60 to Fl 133.30 following Wednesday's upbeat earnings statement.

FRANKFURT rose on final terms of monetary union, and on optimistic reports of the negotiations between employers and the metalworkers' union, IG Metall.

The FAZ index was 15.31, or 2 per cent, higher at midsession; the DAX was 38.38, or 2.1 per cent, better at the close; the average bond yield fell 2 basis points to 9.03 per cent; and volume came out of the doldrums, rising DM3bn to DM7.9bn.

Gains were almost indiscriminate: banks, motors and retailers led the way; chemicals, which were left behind, had done better when the rest of the market was weak.

Among individual features, BMW rose DM16.50 to DM603 on Wednesday's final results for 1989, and its joint venture in aero engines with Rolls Royce; however Volkswagen rose more, DM21.20 to DM587.20, in advance of results due next week. In retailing, Asko's DM26.20 gain to DM876 was linked with a buy note from a Lichtenstein bank.

PARIS saw second-line stocks join in the blue-chip rally which began on Wednesday. The CAC 40 index rose 32.92, or 1.6 per cent, to 2,098.95. Although turnover picked up from the previous day's light FFr2bn, it was estimated at no more than FFr3bn.

Oil stocks continued to benefit after the Opec meeting, rising in some of the day's most active trading. Elf Aquitaine gained FFr14 to FFr682 and Total rose FFr13 to FFr703.

Saint-Gobain, the glassmaker which last week spent about FFr11bn on Norton, the US abrasives manufacturer, gained FFr14 to FFr619 in fairly busy trading after announcing another acquisition. One observer said, however, that yesterday's rise was more in reaction to last week's fall than on the news of the FFr1bn purchase of Solaglas, a UK flat glass maker and distributor.

EuroDisney rose FFr2.05 to FFr101.80; late in the day, the company said that it planned to expand the capacity of its Paris theme park and raise its investment by 9.4 per cent to FFr16.3bn. It said it would finance the move from existing cash and credit facilities.

MILAN rose in active but thin trading, with volumes estimated at about L150bn. Telecommunications stocks continued to firm after their recent weakness. Stet jumped L99, or 1.7 per cent, to L5,679, while Sirti rose L260 to L13,010. After the market closed, Stet reported higher profits, a one-for-four scrip issue and an effective rise in dividend.

In general, investors continued to be cautious before the local elections on Sunday. Italian opinion polls indicated that the elections would not bring about critical changes in the coalition Government. But analysts warned that Italian polls were not very accurate, and added that a strong showing for the Socialists would be taken badly by the market because it could herald renewed infighting within the Administration. The Comit index rose 4.68 to 694.54.

ZURICH felt itself undervalued, acted on its convictions and lifted the Crédit Suisse index by 5.8 to 586.1. Adia bearers topped the actives list as they rose SFr115 to SFr1,515, followed by participation certificates of the big insurance and chemical companies.

OSLO firmed following news of the Opec accord to cut output. The all-share index added 2.11 to 606.36; Norsk Hydro rose NKr2 to NKr197. COPENHAGEN bank shares were boosted by the central bank's ½ point cut in short-term interest rates, but the rest of the market was flat. Bang and Olufsen rose DKr20 to DKr530 on news of a link-up with Philips of the Netherlands.

BRUSSELS was buoyed by healthy corporate results. Ciment CBR, the cement producer, rose BFr110 to BFr8,460 after saying it expected a strong performance in 1990, and GB-Inno, the retailer, rose BFr14 to BFr1,404 on institutional demand.

VIENNA continued to edge up after last week's sharp losses, with the bourse index gaining 6.12 to 637.67.

SOUTH AFRICA

DE BEERS and other Anglo American-related stocks featured in an otherwise uncertain Johannesburg. De Beers rose R2.80 to R96.65. The overall index rose 12 to 2,832.

ASIA PACIFIC

Trust in Government lifts hearts in Seoul

WEDNESDAY's holiday seemed to strengthen the more optimistic mood in South Korea yesterday, although there was a sense of *déjà vu* as brokers placed their trust in the Government, yet again. Tokyo was closed for the rest of the week for the Golden Week holidays.

SEOUL defied the pessimists with another rebound. The composite index rose by a record 32.37 points, or 4.5 per cent, to 750.82, taking its recovery to 9 per cent over the past two sessions.

Gains outnumbered declines by 798 to 5, and 780 shares rose to their daily limit highs; the lack of sellers left volume weak at 3.9m shares and 70bn won.

The hope is that government curbs on real estate speculation will bring corporate and institutional funds back to the equity market. Last December 12 and 13, when the index scored its record points rises of 24.71 and 36.26 (ending at 915.72), the Government had announced ways to boost foreign investment and liquidity.

TAIWAN, on the other hand, could not climb out of its depression, the weighted index falling 72.26 to 8,502.28, down 12.5 per cent since last Friday. President Lee Teng-hui's nomination of a four-star general, the Defence Minister Hau Pei-tsun, as premier was seen as a neutral influence on the market, where volume rose to 1.31bn shares and NT$108bn from 1.14bn and NT$91bn.

AUSTRALIA closed off its highs on a wider-than-expected current account deficit, but the All Ordinaries index managed to put on 5.0 to 1,467.7. Elders IXL rallied for a third day, ending 3 cents higher at A$1.85.

NEW ZEALAND saw offshore buying interest, which bloated turnover to 15.9m shares and NZ$25.1m against 9.8m and NZ$20m on Wednesday. The Barclays index rose 18.31 to 1,711.43.

TV3 Network, which plunged 53 cents to 10 cents on Wednesday on the appointment of a receiver, rose to 15 cents before falling back to close unchanged in the day's heaviest turnover of 4.1m shares. National Broadcasting, a unit of General Electric of the US, exercised a put option on its 14.7 per cent stake in TV3.

Elsewhere, HONG KONG ended mixed in featureless trading, and SINGAPORE closed moderately higher on a quiet day.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY MAY 2 1990						TUESDAY MAY 1 1990			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (81)	128.94	+2.5	116.31	114.01	+1.7	6.08	125.85	113.73	112.16	156.31	125.85	136.55
Austria (19)	246.93	-0.6	222.75	216.02	-0.4	1.23	248.31	224.41	216.91	285.63	193.15	122.69
Belgium (61)	146.92	+0.2	132.54	125.90	+0.5	4.63	146.58	132.47	125.25	160.02	132.11	133.17
Canada (120)	130.81	+0.2	118.01	110.59	+0.4	3.60	130.57	118.00	110.10	153.61	130.37	135.71
Denmark (34)	242.37	+0.8	218.64	210.97	+0.9	0.99	240.40	217.26	209.09	260.82	236.69	180.32
Finland (26)	131.32	-0.8	118.47	109.57	-0.7	2.49	132.32	119.58	110.31	152.29	129.99	162.84
France (125)	162.74	+0.6	146.80	144.04	+0.7	2.82	161.83	146.26	143.05	166.43	141.69	119.08
West Germany (93)	129.14	+1.2	116.49	112.92	+1.3	1.95	127.60	115.32	111.44	137.71	122.06	85.75
Hong Kong (48)	122.53	+0.5	110.53	122.54	+0.5	5.06	121.95	110.21	121.97	126.90	112.24	133.31
Ireland (17)	172.72	-0.3	155.81	152.63	-0.3	2.82	173.32	156.63	153.06	198.57	172.72	147.66
Italy (96)	99.58	-0.2	89.83	91.66	+0.0	2.50	99.75	90.15	91.70	103.73	91.85	81.01
Japan (454)	138.22	+1.8	124.69	138.31	+1.5	0.60	135.74	122.67	136.30	197.26	124.40	189.68
Malaysia (35)	204.15	-0.6	184.17	213.27	-0.8	2.54	205.48	185.70	214.90	245.32	204.15	180.70
Mexico (13)	406.50	-0.1	366.70	1251.11	+0.0	0.41	406.86	367.70	1251.11	412.02	324.53	182.34
Netherland (43)	136.17	+0.6	122.84	117.56	+0.6	4.79	135.56	122.51	116.88	145.66	130.43	119.06
New Zealand (17)	60.25	+1.1	54.35	56.03	+0.8	7.82	59.57	53.83	55.59	75.36	59.57	72.04
Norway (23)	224.31	+1.9	202.35	198.74	+1.8	1.56	220.07	198.89	195.05	245.90	202.34	186.26
Singapore (25)	181.98	+0.4	164.15	157.14	+0.4	1.92	181.21	163.77	156.58	199.38	179.70	157.48
South Africa (60)	177.29	+0.6	159.94	157.21	+0.6	3.75	176.31	159.34	156.34	251.39	173.80	138.42
Spain (42)	152.05	+0.3	137.17	122.05	+0.2	4.35	151.61	137.01	121.83	165.19	132.84	153.29
Sweden (35)	185.94	+0.2	167.74	167.98	+0.2	2.40	185.59	167.73	167.60	205.95	173.69	157.98
Switzerland (65)	90.43	+0.7	81.57	81.57	+0.8	2.54	89.78	81.14	80.96	99.12	88.75	74.41
United Kingdom (306)	142.24	+1.0	128.32	128.32	+0.8	5.15	140.84	127.29	127.29	164.31	139.87	146.97
USA (537)	135.22	+0.7	121.98	135.22	+0.7	3.64	134.35	121.42	134.35	145.40	130.61	126.48
Europe (985)	137.29	+0.8	123.85	121.23	+0.7	3.88	136.27	123.15	120.33	146.66	135.57	119.44
Nordic (118)	186.71	+0.6	168.43	159.19	+0.6	1.75	185.59	167.73	158.17	201.69	185.01	154.82
Pacific Basin (660)	137.20	+1.8	123.76	136.56	+1.4	0.93	134.77	121.80	134.62	192.75	124.63	185.16
Euro - Pacific (1645)	137.59	+1.4	124.12	130.66	+1.2	2.04	135.73	122.66	129.36	174.18	130.35	158.89
North America (657)	134.87	+0.6	121.66	133.60	+0.6	3.64	134.03	121.13	132.75	145.78	131.02	126.00
Europe Ex. UK (679)	132.31	+0.8	119.35	116.27	+0.7	2.81	131.51	118.85	115.45	136.21	124.81	102.32
Pacific Ex. Japan (206)	124.29	+1.4	112.12	113.47	+1.0	5.33	122.53	110.74	112.34	139.32	122.53	131.00
World Ex. US (1838)	137.90	+1.3	124.40	130.75	+1.1	2.11	136.10	123.00	129.29	173.77	131.30	157.89
World Ex. UK (2069)	135.29	+1.1	122.04	132.54	+1.0	2.37	133.81	120.93	131.25	162.00	130.80	145.06
World Ex. So. Af. (2315)	135.64	+1.1	122.36	131.91	+1.0	2.62	134.17	121.26	130.65	161.84	131.85	145.26
World Ex. Japan (1921)	136.04	+0.7	122.72	129.08	+0.7	3.71	135.09	122.09	128.18	145.52	134.62	123.95
The World Index (2375)	135.89	+1.1	122.59	132.09	+1.0	2.63	134.43	121.49	130.83	162.05	132.25	145.22

Latest prices were unavailable for this edition. Spanish (Madrid) market closed May 2.

Exporters provide a glimmer of hope in gloomy Tokyo market

A sluggish yen is not bad news for all, writes Michiyo Nakamoto

FOR INVESTORS in Japan, one of the most reassuring things about the Tokyo stock market is that, even in the recent times of gloom and doom, it managed to come up with an investment theme that not only survived the negative news, but actually thrived on it.

In the first few months this year, while the market was suffering some of its worst falls in history, the shares of a number of companies in the export business were enjoying a strong revival on the very news – the weak yen – that was upsetting the rest of the market.

While the yen was going through a prolonged sluggish period and interest rates were rising, about the only consolation available was the benefits that a weak domestic currency would bring to companies with a sizeable export ratio: higher revenues and increased competitiveness.

Most Japanese companies that depend to some extent on exports have based their business outlook on an exchange rate ranging from Y115 to Y125 to the dollar, according to a study by NRI, the research arm of Nomura Securities. As any drop in the yen's value below that level provides a windfall profit – and the yen has recently been wavering between Y155 and Y160 – exporters stand to make a handsome gain.

But the greater competitiveness overseas that stems from a weak yen is by far the biggest advantage for Japanese exporters, says Mr Kunihiko Kawada, an analyst at James Capel Pacific in Tokyo.

Manufacturing companies in high technology sectors with a history of export sales, have been some of the biggest beneficiaries. The most conspicuous have been the established names in consumer electronics, such as Sony, Pioneer and Hitachi, as well as more specialised companies, including Aiwa, TDK and TEAC.

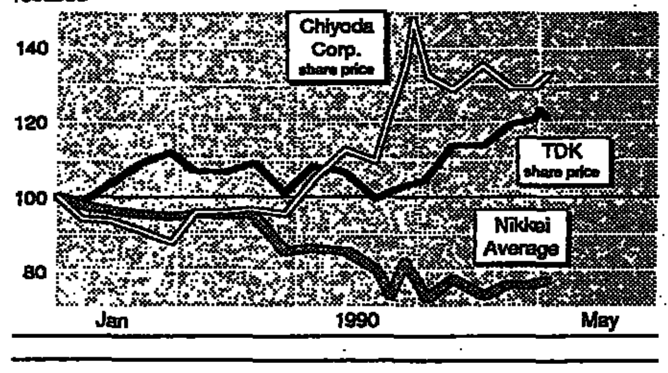
In a recent report on investment in Japan, James Capel indicated that the electrics/electronics sector has gained 17.4 per cent since a year ago and 3.3 per cent over three months. This is a significant gain considering that the heavy industries sector fell 25.9 per cent and the oil and rubber sector fell 29.3 per cent over the same three months.

The gains among blue-chip, high-technology issues have been supported by promising new products. Sony, for example, has seen the success of its combined camera and video tape recorder, known as the Handycam. Sony was also the first to develop a digital VDR (rewritable video disc) system, which is expected to replace tape in recording audio, visual and computer information.

Pioneer has been helped by the strong growth prospects for the laser disc market. This is a field in which Pioneer has been an undisputed leader and in which it retains a substantial market share.

Neither Sony nor Pioneer has been able to breach their levels at the beginning of the year, but their gains so far indicate that they are well on the road to recovering their highs. Sony is down only 2 per cent from the Y8,710 it hit on January 4, to Y8,520 on Wednesday, while the Nikkei index is down 22 per cent from the beginning of the year. Pioneer has recovered to Y5,950, 2 per cent below the Y6,100 level it reached on January 4.

TDK, the world's largest manufacturer of magnetic tapes, has not only recovered to its level at the beginning of the year, it is the only electrical stock to has hit a new high, reaching Y7,060 in very active trading on Tuesday. On Wednesday, TDK fell to Y6,900 on profit-taking, but this is still a gain of almost 21 per cent since the Y5,710 recorded on January 4. Investors have favoured TDK for its rationalisation efforts, while its businesses in value-added magnetic tapes and electronic components have been buoyant.



Export business enjoyed a strong revival on the very news — the weak Japanese currency — that was upsetting the other stocks

Also buoyant have been the less conspicuous Aiwa and TEAC, both of which are specialised audio companies with high export ratios. Aiwa, one of the largest manufacturers of headphone stereos, has an export ratio of 69 per cent and has risen nearly 7 per cent since the start of the year. TEAC, a leading manufacturer of magnetic recording devices has an even higher export ratio of 73 per cent. The stock has gained 21 per cent this year.

Among other high technology issues, Kyocera has been a stellar performer as a high-growth, smaller-capitalisation company. Kyocera is the world's largest manufacturer of integrated circuit ceramic packaging, used in semiconductors. A strong recovery in 32-bit personal computers in the US gives a significantly brighter outlook this year to Kyocera's business in the field. Its share price has risen steadily even while the market was collapsing. From Y5,460 on January 4, it has added 34 per cent to Y7,290 on Wednesday.

Another area that has seen sustained interest, is the industrial machinery sector, including machine tools, which James Capel estimates rose by 14 per cent over the past three months. While strong domestic *demand for industrial machinery*, stemming from buoyant capital spending by Japanese industry, has been one significant aspect behind the strong earnings outlook of industrial machinery companies, a surge in export demand has also been a key factor.

Interest in industrial machinery makers and plant engineers had been growing since the fall of the Berlin Wall last year promised the opening up of the Eastern European market. In the euphoria surrounding the move towards democracy in communist countries, Japanese investors saw great prospects for increased *exports to these countries,* including the Soviet Union.

Chiyoda, a leading plant engineering company with strength in oil refining and petrochemical plants, has been one of the biggest winners in this respect, with its share price advancing 34 per cent from Y1,750 on January 4 to Y2,340 on Wednesday.

The Japanese economy's traditional dependence on exports was tested with the appreciation of the yen following the Plaza Agreement in 1985. Exporters fell out of favour as they struggled to meet the challenge of a significantly higher yen. A consensus seems to be growing that they have emerged from that crisis better equipped to compete on the global market, where conditions are once again beginning to turn in their favour.

FT LAW REPORTS

Inventor can enforce Irish judgment in bullet-proof vest case

HOUSE OF SPRING GARDENS LTD & OTHERS v WAITE AND OTHERS
Court of Appeal (Lord Justice Fox, Lord Justice Stuart-Smith and Lord Justice McCowan):
April 11 1990

LEAVE to defend summary proceedings to enforce a foreign judgment will not be granted on the basis of an allegation that it was obtained by fraud if the defendants are estopped from raising the issue for a second time by another foreign judgment which has already established there was no fraud. And a defendant to the first judgment, though not party to the second, is similarly estopped by privity of interest if his liability was joint and several and he chose not to participate in the second proceedings, but to let his co-defendants seek to establish fraud for his benefit as well as their own.

The Court of Appeal so held when dismissing an appeal by the third defendant, Mr Gordon Stewart Macleod, from a decision of Sir Peter Pain sitting as a deputy High Court judge, giving summary judgment for enforcement of a judgment debt in favour of the plaintiffs, House of Spring Gardens Ltd, Armourshield Ltd, and Mr Michael Sacks. The first defendant to the action was Mr William Edward Waite. The second defendant was his son, Mr Seamus Waite.

LORD JUSTICE Stuart-Smith said that in the late 1970s Mr Sacks invented a bullet-proof vest.

Mr Waite had connections in Libya. His son Seamus and his son-in-law Mr Macleod, were involved in his business.

He induced Mr Sacks to *impart all the valuable information* with regard to the vests on the faith of an oral agreement that he would enter into a joint venture for the supply of the vests to Libya, and that profits would be equally divided between them.

On August 11 1979 Mr Waite signed a contract for sale of £5m worth of vests to the Libyan army. He secretly manufactured the vests at Cork and told Mr Sacks that the contract with the Libyans had collapsed. That was a lie. Mr Sack discovered the deception.

In June 1980 the plaintiffs launched actions in the UK and the Republic of Ireland for damages for misuse of confidential information and breach of copyright. The proceedings were settled by agreement that Mr Waite would pay a 11.58 per cent royalty on vests sold, and would notify Mr Sacks of any further contract which might be entered into with the Libyans.

Manufacture of vests to fulfil a second contract began in 1981. Mr Sacks' discovery of its existence led to a second round of litigation.

In February 1982 the plaintiffs launched two main actions, one in Ireland and one in the UK.

In Ireland Mr Justice Costello found that Mr Waite had tricked Mr Sacks into parting with valuable confidential information, and that all three defendants had wrongfully used the information in breach of copyright. The plaintiffs obtained judgment for £3,474,570 with interest.

The UK action proceeded no further.

The third round of litigation did not directly involve Mr Macleod.

On January 28 1985 Mr Waite and Mr Seamus Waite launched proceedings in Ireland against the plaintiffs claiming that Mr Sacks had obtained the Costello judgment by fraud.

Mr Justice Egan rejected the case. *He held that evidence* given for the Waites had been false and that the witness had been promised £300,000 plus a 50 per cent royalty if the Costello judgment was set aside.

On March 21 1985 the plaintiffs issued the writ in the present action, seeking to enforce the judgment of Mr Justice Costello. The defendants' answer was that the Costello judgment was obtained by fraud.

Sir Peter Pain held that the Waites were estopped from alleging fraud on the basis of the evidence given in the Egan judgment; and that Mr Macleod, though not a party to the Egan proceedings, was bound by the estoppel because of privity of interest between him and the Waites.

Mr Macleod appealed.

The first question was whether the Waites were estopped by the Egan judgment from contending that the Costello judgment was obtained by fraud.

On an Order 14 summons for summary judgment to enforce a foreign judgment debt, leave to defend should be given if the defendant's evidence disclosed a triable issue that the foreign judgment had been obtained by fraud.

But a foreign judgment that was final and conclusive on its merits and was not impeachable on grounds of fraud (or other grounds) was conclusive as to any matter thereby adjudicated on, and could not be impeached for any error of fact or law (see *Dicey & Morris, Conflict of Laws, 11th ed rule 42 page 460 vol I*).

Unless Mr Justice Egan's decision itself was impeached for fraud, it was conclusive of the matter on which it adjudicated, namely whether the Costello judgment was *obtained* by fraud.

Sir Peter Pain was correct to hold on the material and argument before him, that the Waites were estopped from alleging that the Costello judgment was *obtained* by fraud.

Even if the Egan judgment did not create an estoppel it would be an abuse of process for the Waites to relitigate the very same issue in the English courts – not least because *they chose the Irish forum,* which was the natural forum, in which to challenge the Costello judgment. They could not try again in the UK to get a different verdict.

The second question was *whether Mr Macleod was* bound to Mr Justice Egan's decision.

Mr Macleod was not a party to the action. But an estoppel would bind those who were privy to the parties bound.

The requisite privity was of blood, title or interest. In the present case the relevant privity was of interest.

In *Gleeson [1977] 1 WLR 510,515*, Sir Robert Megarry, Vice Chancellor, propounded a test of privity of interest. He said there must be sufficient degree of identification between the two litigants "to make it just to hold that the decision to which one was party should be binding in proceedings to which the other is party".

In *Nana v Nana [1958] AC 95,102*, Lord Denning applied the principle that "if a person, knowing what was passing, was content to stand by and see his battle fought by somebody else in the same interest, he should be bound by the result" (See *Wytcherley v Andrews (1871) 2 P & D 327*).

In the present case all three defendants were joint tortfeasors, having acted in breach of the duty of confidence in relation to the confidential information, and in breach of copyright. The judgment against them was joint and several.

Mr *Macleod* was well aware of the Egan proceedings. He could have applied to be joined and no one could have opposed his application. He chose not to do so, and he had vouchsafed no explanation as to why he did not.

Instead he was content to sit back and leave others to fight his battle at no expense to himself.

That was sufficient to make him privy to the estoppel. He *was bound* by the decision of Mr Justice Egan.

The same result could equally well be reached by the route of abuse of process, which was untrammelled by the technicalities of estoppel.

In Hunter v Chief Constable of West Midlands Police [1982] AC 529,539, Lord Diplock said that abuse of process concerned "the inherent power which any court of justice must possess to prevent misuse of its procedure."

The question was whether it would be in the interests of justice and public policy to allow the issue of fraud to be litigated again in the present court, it having been tried and *determined by Mr Justice Egan* in Ireland.

It would not. It would be a travesty of justice. Not only would the plaintiffs be required to relitigate matters which had twice been extensively investigated and decided in their favour in the natural forum, but it would run the risk of inconsistent verdicts being reached not only as between the English and Irish courts, but as between the defendants themselves.

Public policy required that there should be an end to litigation, and that a litigant should not be vexed more than once in the same cause.

The appeal was dismissed.

Lord Justice McCowan gave a concurring judgment. Lord Justice Stuart-Smith agreed.

For Mr Macleod: Lionel Swift QC and Michael Harington (T Cryan & Co, Wealdstone)
For the plaintiffs: Gavin Lightman QC and Alan Boyle (Philip Conn & Co, Manchester)

Rachel Davies
Barrister

Executive market drops to eight-year low

By Michael Dixon

"SPRING restores balmy warmth," said Catullus. What's more, the evidence supports his claim.

For most of the year, for instance, the Jobs column is chilled by the continual arrival of letters addressed to "Job's column". And while their writers may have put in the apostrophe by mistake, it is equally possible that they are Biblical scholars hinting that they would prefer a more cheerful read.

Suddenly that cold mould has been broken by a note from Andrew Edwards of Swindon* who says he has a National Higher Diploma in business and finance, management experience ranging from running his own kissogram company to organising freight shipments for British Rail, and is looking for a job. But what has ushered in the new springtime warmth is not so much the content of his letter, as the fact that he addressed it to the FT "Jobs column *team*."

The effect has been most motivating. Since the note came we've had regular team talks on strategy, gone into huddles over tactics when need arose, and recovered from three team bust-ups.

**2 Swindon Rd, Old Town, Swindon, Wiltshire SN1 3JJ.*

The trouble is that, since the team happens to have only one member, colleagues nearby have obviously often wondered, and occasionally gone so far as to ask, what I think I'm up to. So the result for office morale as a whole may have been bad.

For example, Charles Batchelor of the FT's growing-business page no longer continuously whistles the hit-songs of his receding youth. And Roy Hodson, poor old soul, doesn't hurl half as many insults as he used to.

Nevertheless, the Jobs column needed a personal fillip. For another springtime arrival is the MSL International consultancy's latest count of posts for managers and high-grade specialist staff which are advertised in the United Kingdom's national journals.

The count, which has been made every three months since 1959, is of individual jobs – taking each particular post as one no matter how often it is advertised in however many places – not a measure of the volume of advertising. Moreover, while the journals covered by the check include most ads for higher-rank openings, they account for less than half the total of executive posts advertised in the UK. The rest go in the trade and local press which the count misses.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALISTS
(12 months to March 31)

Type of work	1989-90 Posts advertised	1989-90 Change from 88-89 %	1988-89 Posts advertised	1988-89 Change from 87-88 %	1987-88 Posts advertised	1987-88 Change from 86-87 %	1986-87 Posts advertised	1986-87 Change from 85-86 %	1985-86 Posts advertised	1985-86 Change from 84-85 %
R & D	3,738	−14.1	4,353	+24.0	3,510	+ 3.9	3,378	−42.0	5,823	−22.6
Sales & mktg	3,480	−32.6	5,164	−19.0	6,373	+ 4.1	6,124	− 5.0	6,447	− 0.8
Production	5,823	−20.3	7,309	+17.1	6,242	+29.9	4,807	−23.8	6,311	−12.1
Accounting	6,588	−13.3	7,602	− 2.5	7,795	+15.8	6,732	+ 5.2	6,401	+ 2.2
Computing	2,999	−38.5	4,878	+31.5	3,710	+ 0.7	3,686	− 7.8	3,998	− 6.7
General mgt.	1,323	−15.2	1,561	− 5.9	1,659	+19.8	1,385	+ 6.0	1,307	+ 4.0
Personnel	1,063	− 4.7	1,115	− 0.2	1,117	+11.1	1,005	+15.5	870	−19.8
Others	7,044	−11.0	7,912	+14.1	6,936	+20.9	5,735	− 6.9	6,162	− 0.8
Total	**32,058**	**−19.6**	**39,894**	**+ 6.8**	**37,342**	**+13.7**	**32,852**	**−12.0**	**37,319**	**− 7.4**
April-June	9,176	−13.4	10,593	+23.2	8,597	+ 5.2	8,172	−21.5	10,412	+ 0.8
July-Sept	7,858	−15.8	9,338	+12.9	8,274	+ 8.0	7,664	−19.4	9,507	− 2.6
Oct.-Dec.	6,627	−26.8	9,048	− 2.2	9,248	+17.8	7,850	− 8.7	8,596	− 3.3
Jan-March	8,397	−23.1	10,915	− 2.7	11,223	+22.4	9,166	+ 4.1	8,804	−24.3

Even so, its findings for the first quarter of 1990 might well have struck the aforementioned Job himself as unduly depressing. Taking demand for all types of executives as a whole, the level was the lowest for any January-March period not just in the five years covered by the table above, but since 1982 when the market was just starting to recover from the worst trough on record.

The latest total for the 12 months to March 31 – shown between the two thin rules two thirds of the way down the table – is also the lowest for eight years. And of the separate types of executives listed higher up, only the personnel specialists have been spared a marked fall in recruitment from the levels of 1988-99.

Much the same applied in three of the four business sectors of which MSL keeps separate tally. Demand by high-technology companies in the latest 12 months was down to 2,253 openings from 4,009 in 1988-89. The figure for retailing fell to 867 from 1,118, and the food, drink and tobacco sector showed a drop to 825 from 935.

The happy exception was energy-related industries. Their UK recruitment rose to 2,768 posts from 2,138 in the previous 12 months.

That apart, however, the only encouraging sign MSL's chief counter can find in the latest results is an increase in sales and marketing jobs – usually a lead indicator of demand for other executives. The January-March tally recovered to 820 from the record low of 544 in October-December. Alas the upturn was only to be expected. January-March is almost always the best quarter of the year for executive job-changers, accounting for about 28 per cent of annual advertised demand.

What may be still worse news for jobs advertising is a prediction made in a report on world-wide recruitment markets just produced by stockbrokers James Capel**. It forecasts that advertising will lose market share, especially at executive levels.

The main beneficiaries of the change are expected to be recruitment consultants of the "contingency" type. Although they operate by personally approaching people previously identified as suitable in the same way as top-drawer executive search consultants, they differ from them by charging a fee only if a candidate they introduced is appointed.

Capel's researchers point out that new technology allows contingency operators to build impressive databases of potential candidates. Hence, for a growing range of jobs, they may be able to undercut advertising costs by coming up with suitable people from stock.

***PO Box 551, 5 Bevis Marks, London EC3A 7JQ; tel 01-621 0011, fax 01-621 0496 (from May 6 the 01 changes to 071).*

INVESTMENT DIRECTOR

VENTURE CAPITAL

City **Age 28-32** **to £50,000 + Benefits**

Our client, the venture capital arm of a leading UK Merchant Bank, has shown considerable growth over the last two years. They specialise in providing businesses with funds for management buy-outs and buy-ins, strategic acquisitions and expansion.

As a result of this growth there is now a requirement for an Investment Director to join the senior management team. Reporting to the Managing Director your brief will involve high level corporate decision making with regard to the investment portfolio with particular emphasis on monitoring syndicated investments and high risk situations.

The ideal candidate will be a qualified Chartered Accountant with a minimum of three years commercial experience working in practice with acquisition, insolvency or consultancy experience. You should also possess outstanding interpersonal and communication skills.

In addition to the advertised salary, there is an excellent benefits package including mortgage subsidy, car, private medical insurance and bonus scheme.

Interested applicants should telephone Giles Daubeney or Graham King on 01-437 0464, or write to them, enclosing a detailed CV, at the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
Queens House 1 Leicester Place London WC2H 7BP
Telephone: 01-437 0464

Head of Sales and Marketing

Bridge Information Systems GmbH (West Germany)

Bridge is a well established company in both the securities markets and information technology fields and has established an International presence by opening in London, Paris, Frankfurt and Hong Kong.

We are now looking to expand the marketing of our products and research to the German financial community and wish to recruit a Head of Sales and Marketing, who will be responsible for this development.

The person we recruit will be fluent in German and English, have an outstanding knowledge of and have worked with the financial and securities communities in Germany on the Buy or Sell side, be familiar with systems technology and be prepared to live and work in Germany.

We are a securities orientated business and this is reflected both in terms of the importance of this appointment within the Group and the salary and benefit attached to the position which will be negotiable according to the qualifications of the individual concerned.

Please write in confidence enclosing a CV to Miss Lesley Grimmer, Bridge Information Systems (UK) Limited, 7 Marlin House, Croxley Centre, Watford.

BRIDGE

Building on Success

Manager — Treasury Sales

up to £50,000 plus profit related bonus

Having established itself well in a niche market, the Treasury sales force of this prominent International merchant bank now seeks to extend its European coverage. This team has the support of a highly active and well developed dealing room and as one of the most profitable areas of the Bank has been targetted by senior management for future growth.

You will be responsible for assisting in the expansion of the corporate base in Europe, further emphasising the team's niche position in Treasury/Capital Markets. Aged 24-34, it is essential that you have proven experience in business development in Europe. You should be team minded and technically strong with entrepreneurial flair.

Because of the growth planned, we also welcome applications from people with 2-3 years trading/corporate dealing experience, well grounded in a range of currencies and with a knowledge of one or more European languages. Please apply sending your Curriculum Vitae to Loretta Quigley (12 Groveland Court, Bow Lane, London EC4M 9EH), who will forward it directly to the Bank. Candidates should list in a covering letter any institutions to which they do not wish their details to be forwarded. Alternatively telephone 01-489 9494 (fax 01-236 6128) or 01-221 0290 (evenings.)

CONSULTANTS IN HUMAN RESOURCING
LOMBARD
LOMBARD CONSULTANTS LIMITED

EBN

(European Business and Innovation Centre Network)
wishes to appoint a

CHIEF EXECUTIVE

(M OR F between 30 and 45)

* University degree or equivalent
* Perfect command of English and French and able to converse in a third language (German, Spanish, Italian)
* Management experience; knowledge of launching and developing SME with technology base
* Good organiser with excellent communication skills
* If possible knowledge of the functioning of EC
* Able to travel extensively throughout Europe

TASK: To run the International Secretariat of an Association of more than 100 members involved in local programmes for the creation and development of SME within and between member states.

SALARY AND TERMS: negotiable

Please send your application together with a curriculum vitae to:

EBN asbl
205, rue Belliard
B - 1040 Brussels

Jonathan Wren Leasing

FUNDING MANAGER

£45,000 plus benefits

This highly profitable asset finance operation has achieved considerable success within both the middle ticket leasing sector and selected niche markets. Business volumes necessitate the establishment of a "warehousing" department to retain transactions prior to placement with head lessors.

The successful applicant, aged 28 to 35, will be an experienced and able negotiator, possessing excellent contacts with banks, finance houses and other funding institutions. A sound understanding of non standard contract terms, legal implications, complex leasing structures and credit criteria is required. Experience of using capital market products in developing innovative funding facilities would prove advantageous. The appointee, reporting direct to the Board, will be responsible for the creation, development and control of this new department, with significant autonomy of operation.

Please contact Peter Haynes.
Applications will be treated in strict confidence

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 071-623 1266 Fax: 071-626 5258

CHIEF DEALER

Set up swaps desk
to c£120k - benefits

Japanese securities house entering a further period of growth seeks a "guru" to establish swaps desk and set up new team. This demands a senior swaps trader with minimum 2 years good market experience, now seeking further responsibility. MBA desirable.

BOND SALES

£29 + to 60,000 + generous guaranteed bonuses + banking package

Expanding securities subsidiary of old established European Bank look to recruit an experienced, ambitious salesperson with broad knowledge of fixed income markets and good institutional client base. This offers opportunity to join an environment without restrictions, neither on geographical sales areas or on total remuneration package. There will also be the benefit of substantial research material provided by head office.

For further information concerning the above vacancies please telephone SANDRA CLARK on 377-5040.

LJC BANKING APPOINTMENTS
Devonshire House,
146 Bishopgate, EC2M 4JX

ljc

YAMAICHI

Corporate Finance Executive

City

MBA or economics-based qualification

French or Spanish speaker

Age: Late 20s - early 30s

Salary: Highly competitive plus mortgage subs, bonus and generous banking benefits

Yamaichi Securities is one of the world's leading securities houses, with 40 offices spanning 24 major financial centres. In London, Yamaichi International (Europe) is its European flagship employing over 350 people from twelve countries, and has recently celebrated 25 years in the City.

A key position has arisen in the Southern Europe Group of its expanding Corporate Finance Department for a highly motivated Corporate Finance Executive.

An intrinsic part of the company's investment banking business, the Group covers straight bond and equity-related issues, CP programmes, MTNs, swaps, equity-derivative products and M&A transactions, for Southern European clients, offering applicants considerable responsibilities and opportunities for career development.

Ideally, candidates will have an MBA or economics-based degree with an excellent academic record and at least two year's corporate finance experience.

The ability to speak French or Spanish is essential for this position.

Candidates should submit in confidence a detailed cv to Miss Diana Crosby, Recruitment Officer, Yamaichi International (Europe) Limited, Finsbury Court, 111-117, Finsbury Pavement, London EC2A 1EQ.

Yamaichi International (Europe) Limited
Member of The Securities Association Member of The International Stock Exchange

CAREER ASSESSMENT

Expert guidance for all ages, practical help on career planning, finding work, courses. Consult:
CAREER ANALYSTS
90 Gloucester Place, W1
01-935 5452 (24 hrs)

IT, FINANCE INDUSTRY

Sales & Marketing professional seeks challenging role in small entreprenural co. International experience good french, excellent knowledge of financial trading environment.
Long/short term assignments, equity stakes considered. Based London, would locate abroad.
Write Box A945, Financial Times, One Southwark Bridge, London SE1 9HL

Highly qualified, experienced multilingual lady,

dual Italian & US citizenship. Presently in executive financial marketing, in the US. Returning Europe, preferably UK. Seeks similar position, consider other fields. Interviews UK after 7th May.

Write Box A810, Financial Times, One Southwark Bridge, London SE1 9HL

Treasury Analyst

We are a fast growing international group with an annual turnover exceeding £250 million. We are seeking an analyst to join our newly established London treasury unit.

Coming from corporate treasury (or possibly banking) environment, the successful candidate will be experienced in financial modelling and analysing currency and interest rate risks and will ideally also have some dealing experience. Applicants should be aged 25-35, self-motivated and capable of generating profits as a key member of a small team.

A competitive salary and bonus structure is offered.

In the first instance please forward your CV by 10 May 1990 to: Chance & Company, 68 Chandos Place, London WC2N 4HG.

IMRO-INVESTOR RISK MANAGEMENT

Senior Investigations Officer

Following the recent restructuring at IMRO, a Senior Investigations Officer is sought to join the Investigations Division of the newly formed Investor Risk Management Department.

Candidates: Qualified Accountants, aged 27-35, currently with a major accounting firm or a substantial City institution. Experience of investigations or insolvency work is essential as are excellent presentation and communication skills. Work is of a highly confidential nature and applicants should display maturity, tact and good judgement.

The Role: A key position of Senior Investigations Officer at IMRO, working to ensure investor protection within the investment management sector.

Responsibilities: Acting individually, or as part of a team, on specific known problem cases, including investigations leading to disciplinary or enforcement action, liaising with senior industry management and other regulatory bodies.

Rewards: This is a unique position offering both intellectual and personal challenge and experience of complex regulatory cases. This is reflected in the excellent remuneration package.

For further details contact Karin Clarke on 01-831 2000 or write to her enclosing C.V. at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

European Communications Manager

Thames Valley — **c£35,000 + bonus and car**

This international organisation is at the forefront in the development and implementation of open information systems standards. In partnership with the largest system suppliers and an increasing number of software suppliers and users, it is now in a position to take the lead in an exciting period of change within the industry.

As part of a tightly-knit and highly motivated marketing and public relations team, you will assume full responsibility for the management of all communications activities throughout Europe. Key aspects of the role will cover external media, internal communications, liaison with member organisations, gathering market intelligence and publications.

You will already be operating in a public relations or communications role within a systems or technology-biased environment. Previous international experience will be important, preferably supported by multi-lingual skills. The ability to quickly understand technical issues and operate effectively at a senior level are prerequisites. Personal qualities should include a high level of energy, commitment and flexibility. The position will require regular overseas travel and periods away from home.

Please reply in confidence to Stephen Bailey, quoting reference F1005B at Ernst & Young Search and Selection, PO Box 1, 3 Colmore Row, Birmingham B3 2DB. Interviews will be conducted locally where appropriate.

SEARCH AND SELECTION

Ernst & Young

CORPORATE BANKER

A management role for a specialist in lending and recovery techniques

to £25K + Car + Concessionary Mortgage · Northampton based

Nationwide Anglia's track record in recent years has been one of continuous growth and consistent innovation. Ever alert to new opportunities, we have been one of the first building societies to move into the commercial loans market. A market we intend to develop in an ambitious programme of diversification.

These strategic moves away from our core business of residential property lending, certainly offer enormous and very exciting potential. However, we have no illusions ... to maintain a healthy growth rate, our control and risk management resources must develop at the same pace. That is why we are now adding further strength to our team.

Essentially, we are looking for a senior weight, ACIB qualified professional with at least 5 years' solid experience of commercial lending including delinquent accounts. This specialist could well come from the Head or Regional Office of a major bank and will relish the prospect of handling complex and highly sensitive issues involving a spread of loans ranging from £100,000 to £30 million.

The size and scope of this work is an obvious attraction. Equally, so is the chance to apply your experience – specific knowledge of the building industry would be a distinct advantage – in a new management opportunity within a young and very dynamic commercial environment. This really is a leadership challenge. It calls for someone who can confidently head up the section, conduct high level negotiations with customers and advisers, establish ground rules and procedures as well as influence attitudes and policies towards risk management.

Benefits include company car, concessionary mortgage, free BUPA and pension scheme. Relocation assistance is also available where necessary. Future career prospects are excellent.

Please write with full CV and details of current salary, quoting ref. CB/1, to: Richard Wharton, ACIB, Personnel Administration Manager, Nationwide Anglia Building Society, Chesterfield House, Bloomsbury Way, London WC1V 6PW.

Nationwide Anglia Building Society

Nationwide Anglia is an equal opportunities employer

Influential Positions In Corporate Treasury
BE AT THE SOURCE OF AN INTERNATIONAL BUSINESS
Reading

The Thames Water PLC Group may be based in the UK but through internal growth and acquisition its business is global by nature. Our current net assets are in excess of £1 billion and our name features in the FTSE 100.

Our recent flotation has presented us with a new outlook and new goals. In particular, the Group Treasury Department is gearing up to meet the challenges ahead and this has created new opportunities for treasury professionals.

Assistant Treasurer - Cash Management — c.£25,000 + car + benefits

In this key role within the organisation, you will assume responsibility for developing a computerised cash management function for the Group. The post will involve using centralised cash forecasting and management systems to optimise investment potential, and practise effective debt management. Other areas of involvement will be the evaluation and application of money market risk hedging techniques and the analysis of Group foreign exchange exposures.

Degree qualified and preferably a member of the ACT, you will have two or three years' experience in an international corporate treasury function. You will demonstrate a sound knowledge of hedging and risk management techniques and all aspects of money market investments and borrowings. A high degree of computer literacy is essential and you must be conversant with Lotus 123/Symphony packages. Strong communication and negotiating skills will be needed to liaise with both divisional management and the Treasury and Dealing Departments of the Group's core banks. Preferred age range is 26-35. **Ref:- GEN333/U**

Treasury Assistant - Computer Operations — c.£17,500

You will have direct impact on the Group's ability to manage its cash flow and be in daily contact with banks to confirm investments and borrowings. Using International Treasurer and Lotus packages, you will determine worldwide operating exposures and will also be responsible for the preparation of cash forecasts. Sourcing data and reporting on levels of investments and borrowings within UK operating companies will form an important part of the job.

Ideally aged 23-27 and a graduate with student membership of the ACT, you will have one to two years' treasury experience incorporating money market dealings and use of money market instruments. Computer literacy is essential and you should be able to demonstrate some knowledge of computerised treasury systems. **Ref:- GEN334/U**

Both these roles offer the chance to deal with the Group's business on both a UK and global basis, with excellent scope to develop in a growth environment.

In addition to competitive salaries, we offer an attractive range of benefits including contributory pension scheme, staff restaurant and a lively sports and social scene.

For a full job description please call Sarah Lock on 0734 567497, quoting appropriate reference. If you wish to apply for either position, please send your CV, in confidence, to: Security Manager, MSL Advertising, Pilgrim House, 2-6 William Street, Windsor, Berks SL4 0BA.

Thames Water

Eastern Europe

Development of new investment opportunities

Schroders, a major international investment banking group whose activities include corporate and project finance, venture capital and investment management, is in the process of establishing a London based team to focus on investment opportunities in the countries of East and Central Europe in particular Hungary, Czechoslovakia and East Germany. In the future opportunities may also include the Soviet Union, Poland, Bulgaria and Yugoslavia.

The work will be concerned with advising on investment proposals. It will involve investment screening, carrying out detailed financial feasibility studies and establishing the optimum financing arrangements for the ventures concerned.

Successful candidates are likely to have an outstanding academic record (including a good undergraduate degree and probably an MBA from a leading business school), strong numerate and analytical capabilities (including computing skills), good written, oral and presentation skills and at least four years industry experience (probably in a business development role) or investment analysis experience. The candidate should also be fluent in English and German. Knowledge of another relevant language and experience of business in Eastern Europe would be an advantage.

The substantial benefits package includes a mortgage subsidy, non contributory pension scheme and private medical insurance. Career prospects are excellent.

Applicants should send a full curriculum vitae to Jo Heigho, Assistant Director Personnel, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Schroders

REGISTRAR

From £25,000 + Car + Banking Benefits

CORPORATE INVESTMENT SERVICES

The Corporate Investment Department of the Clydesdale Bank has an important part to play in both current and future development plans.

Retirement has created an unusual opportunity within the Department for a Registrar to manage the Share and Unit Trust Registration Services.

This role will involve you in regular contact with both potential and existing corporate clients to promote and increase our range of services. You will ensure payment of dividends, distributions, rights issue administration and client company meetings are completed within agreed time scales.

To be successful you will be an ambitious and experienced individual aged 30-45 with a relevant qualification and in-depth practical experience in a similar role. Essentially you should have a broad understanding of company secretarial practice, backed up with proven management ability and familiarity with current industry legislation and developments such as TAURUS, INNS, etc. A knowledge of computerised systems would be particularly advantageous.

Salary is negotiable from £25,000 and benefits include a car, performance related and Christmas bonuses, low cost mortgage scheme, non-contributory pension and life assurance schemes, 30 days holiday and relocation assistance where required.

To apply, please write with full cv to: Douglas McHenry, Personnel Manager – Operations, Clydesdale Bank PLC, 150 Buchanan Street, Glasgow G1 2HL.

Clydesdale Bank

An Equal Opportunities Employer

M&A/Research Opportunity for Growth Companies

City

c£30-35,000 + Car + Performance related benefits

A major opportunity has arisen within the Corporate Finance division of a small and successful UK Investment Banking Group, with an excellent reputation for providing creative support to smaller quoted and unquoted businesses.

As a key member of an experienced team, you will be responsible for establishing and developing a specialist unit which will provide research, M&A advice, and well-researched M&A opportunities to established clients, while also seeking to develop new clients and initiate additional business opportunities.

This challenging appointment is ideally suited to an individual, most likely aged 28-35, with a proven background in institutional research, smaller company fund management or M&A work. Most importantly however, you will possess the drive and determination to make a significant contribution to the growth of the Group's Corporate Finance activities, together with the maturity, confidence and practical business judgement to establish meaningful contacts with client companies at Board level.

The position offers a highly competitive remuneration package, the prospect of excellent performance-related bonuses, and the opportunity for further career development within this successful Group.

For a full and confidential discussion, please call **Neil Wax**, Consultant to the Company, on **01-387 5400** (out of hours 0923 819298), or send your full CV (quoting ref: 10190) to Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN. (Fax: 01-388 0857)

financial SELECTION SERVICES

Executive Selection Division

CJA RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PJ
Tel: 01-588 3588 or 01-588 3576
Telex No. 887374 Fax No. 01-256 8501

An interesting and varied appointment – scope to reach a company operating board within 4-5 years

CJRA STRATEGIC PLANNING EXECUTIVE

LONDON — **ATTRACTIVE REMUNERATION**

ONE OF THE UK'S FASTEST GROWING ENGINEERING AND CONSTRUCTION COMPANIES
T/O IN EXCESS OF £1 BILLION

Applications are invited from ACA's or MBA's aged 30-37, with a strong background in strategic planning, acquisitions and divestments. Candidates with a closely related background will also be considered. Reporting will be to the Corporate Planning Manager. Responsibilities will cover developing corporate strategies with particular focus on acquisitions and divestments, financial analysis, developing and putting new initiatives into practice. Close liaison will be maintained with senior management both in the UK and overseas involving regular international travel. Of paramount importance is the ability to play a key role in developing and implementing a whole strategic plan for the Group and to negotiate effectively. Success should warrant further promotion into a more senior position in 2-3 years. An attractive initial remuneration by way of salary and bonus is negotiable + car, contributory pension, life assurance, assistance with removal expenses if necessary. Applications in strict confidence under reference SPE23326/FT, will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

CAMPBELL-JOHNSTON RECRUITMENT ADVERTISING LIMITED, 3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ.

NO 1 UK CORPORATE MARKETING
Neg. £45-£65,000 AAE

Two international banks seek applications from graduate bankers aged 35-40 years. Candidates must have very sound technical skills encompassing credit, documentation etc. Both banks require at least five years very successful marketing/negotiating and the strong interpersonal managerial skills necessary to motivate the banks existing lending/credit teams. Products covered will include lending structured finance treasury products asset sales and in the senior position capital markets. In addition to attractive base salaries a full bank benefits package is on offer.

FIXED INCOME SALES
£ very negotiable

An established European house seeks a strong fixed income sales candidate, a graduate aged c 30 years. Essential is a person who knows the players and has an established book.

LEASING OPERATIONS (BERKSHIRE)
Package neg. £40-£60,000

A US specialist computer leasing company urgently seeks a professional operations manager. Responsibilities will include marketing support (tax pricing, structuring, documentation, credit etc.) plus funding and placement of the deals. Essential are strong interpersonal people, management skills. Age range c 35 years.

YOUNG CREDIT ANALYSTS
£20-£30,000

Several vacancies exist for very bright bank trained corporate analysts, within major UK and International banks. Graduates, ACIB or candidates with US training preferred. The wish to progress to a marketing/negotiating role in the medium term is essential and ideal would be German or French linguistic capabilities.

Please contact by telephone on 01-588 3991 or send detailed curriculum vitae. All enquiries are dealt in strict confidence.

OBSB OLD BROAD STREET BUREAU
EXECUTIVE SEARCH & SELECTION CONSULTANTS
55 London Wall, London EC2M 5TU
Tel: 01-588 3991 Fax: 01-588 9012

Jonathan Wren Executive

SWAPS TRADING AND SALES
£50,000-£100,000

We are currently seeking several Swaps professionals for two major investment banks.

A US Investment Bank is seeking to expand its present interest rate swaps team with particular emphasis on trading positions.

A European Investment Bank is in the process of establishing an interest rate swaps function. Professionals on both Trading and Sales of interest rate products are required.

The above institutions offer very attractive packages with excellent opportunities for career development.

Please contact Nigel Haworth, Tim Sheffield or Ron Bradley on 071-623 1266 or alternatively fax your details on 071-626 5258.

LONDON HONG KONG MIDDLE EAST SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No. 1 New Street, (off Bishopsgate), London EC2M 4TP
Telephone: 071-623 1266 Fax: 071-626 5258

INVESTMENT ANALYST
UK EQUITIES

CENTRAL LONDON SALARY NEGOTIABLE

BP Pension Services is seeking an analyst to undertake research as a member of a small team working in close collaboration with the Portfolio Manager, initially on the Capital Goods Sections.

Ideally aged under thirty, you should have a degree or professional qualification and at least two years' relevant experience.

Salary is by negotiation and other benefits include a non-contributory pension and a discretionary bonus scheme.

Please write with full career details or telephone for an application form to: Mrs. Janet Parker, British Petroleum plc, Britannic House, Moor Lane, London EC2Y 9BU. Tel: 01-920 8218.

BP is an equal opportunity employer.

BP

INVESTMENT ADMINISTRATION/ MARKETING
Package c£22,500 p.a.

The opportunity to move from investment administration into marketing support.

This position will appeal to candidates currently employed in investment management administration who are keen to develop a career in marketing. The immediate requirement is to provide a *small team of Fund Managers with full administrative support on* unit trusts and pension funds. Later this year the opportunity to move into a marketing support role will be created when the Company activates its plans to further develop its institutional client base. The job will then entail the production of promotional material *and the co-ordination of the marketing effort.*

To be considered you must have gained a number of years' experience in investment management administration and are likely to be in your mid-twenties. You will possess excellent presentation and administrative skills. The Company is a young international *asset management firm with a passion for excellence and a record of* significant growth. To apply, please contact Michael Thompson on 01-222 7733 or write to him at: John Sears and Associates, Executive Recruitment Consultants, 2 Queen Anne's Gate Buildings, Dartmouth Street, London SW1 9BP.

John Sears and Associates A MEMBER OF THE SMCL GROUP

FIRST NATIONAL

FIRST NATIONAL COMMERCIAL BANK Plc

FNCB is the commercial lending arm of First National Finance Corporation, one of the largest quoted UK finance companies.

The bank is expanding its highly successful Overseas Division which will shortly be operated out of its Harrow office and now requires:

COMMERCIAL LENDERS

at management level who are seeking a challenging position with excellent career opportunities.

Applicants must be highly motivated individuals with experience of the UK property market, and preferably with a knowledge of a European language.

They are likely to be qualified to ACIB or degree level, possess good interpersonal skills, be eager for success and have ability to work on their own initiative.

For the successful applicants the rewards are of the first order and include:

- Highly competitive salary
- Free life assurance
- Luncheon allowance/expenses
- Non contributory pension
- Free medical insurance
- Choice of company car
- and, after a short qualifying period, a share in the profits.

Please write in the first instance with CV to:

The Secretary
First National Commercial Bank Plc
First National House
15-19 Dyke Road
Brighton
East Sussex BN1 3FX

Touche Ross

HEDGING INSTRUMENTS SPECIALIST
Corporate Treasury
London to £35,000 + car

This £ multi-billion turnover plc has an increasingly complex £2 billion debt portfolio denominated in a number of currencies, having a range of maturities of both fixed and floating liabilities. The *Treasury Department has a staff of 20, utilises the most advanced technology, and is profit-orientated and high profile.*

Your responsibilities will encompass monitoring market movements and analysing the company's exposures in order to devise and implement suitable hedging programmes. The role requires substantial experience of swaps, futures, FRAs and options in either a financial or commodity trading environment. You will be involved in working closely with senior management and specialists, both in Treasury and in other parts of the organisation.

Probably in your mid to late 20's and a highly numerate graduate, you will have outstanding intellectual and analytical abilities as well as the necessary technical skills and experience. This is an *exceptional opportunity for personal development in a large and* sophisticated treasury operation: *prospects for career progression* are excellent and an extensive package of executive benefits is offered.

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ACCOUNTANCY COLUMN

Medium-term challenge for medium-sized firms

David Waller

THREE weeks ago, this column carried a report on medium-sized accountancy firms in the US. The article showed how clients have drifted away from the middle-tier firms to the Big Six; how growth in fees has slowed down, if not come to a halt; how partners in the some of the firms have faced cash-calls; and how medium-sized firms are facing claims for very large damages as a result of negligence litigation.

Are the UK's medium-sized accountancy firms bound the same way? The economy is faltering, insolvency departments are unhealthily busy, audit fees are dwindling and the mergers and acquisitions activity which generated special work is a thing of the past. Demand for accountants' services is falling as competition between firms is intensifying.

At the time of the mergers and merger talks between the bigger firms last year, the medium-sized firms predicted great benefits for their own businesses. A merged firm would have its eye off the ball, it was argued, distracted by the trauma of reorganisation. The prediction was that once the merger was bedded down, clients would soon become disillusioned and turn to the personal, partner-driven service that only the medium-sized firm could provide.

The trouble is that the outlook for the economy and therefore the accountancy profession has become bleaker over the last year. The predicted shake-up has been slow to happen: very few audits have changed, confirming the inherently stable nature of the profession's bedrock business. When audits have come up for grabs, they have tended to go from one Big Six firm to another.

There are exceptions of course: Grant Thorton picked up the PA Consulting audit and BDO Binder Hamlyn, as the UK's seventh largest firm hardly a "medium-sized" organisation any more, has been particularly successful. It has won the audits of Nuclear Electric, the company which owns 30 nuclear power stations in England and Wales, as well as those of Eagle Trust, the troubled conglomerate, and Cray Electronics, a former Arthur Young audit client. The firm recently won a pitch against Arthur Andersen after Kapiti merged with an Andersen client: Binders will now audit the enlarged group.

'At the time of the merger talks between the bigger firms last year, the medium-sized firms predicted great benefits for their own businesses.'

Most of the medium-sized firms, including Grant Thornton and Binder Hamlyn, are in the throes of some sort of management restructuring, often at the hands of a recently appointed managing partner.

Often, the process was begun some time ago as a response to the pressure of growth: now the rethink is having to take account of the pressures of contraction.

At Binder Hamlyn, Mr Chris Swinson is conducting a thorough review of the firm's policies on pay and on training, as well as looking at the way the firm is structured. In the UK, the firm has some 240 partners in 34 offices in about a dozen partnerships altogether.

David McDonnell is wrestling with the giant Grant Thornton, a firm with 48 offices and some 250 partners. Unlike at Binders, all belong to one partnership. The firm has decided to turn its back on all but a handful of quoted clients and to concentrate its energies on providing general business advisory services to the owner-managed business sector.

Together with this strategic reorientation, the firm has begun to take measures to make itself more profitable: rejigging its profit-sharing arrangements, slimming itself down from 28 to eight regional groups and conferring more power – and responsibility for profits performance – to partners in charge of the regions.

Spicer & Oppenheim, which last week closed the separate London office of the Spicer Consulting Group with the loss of 25 jobs, had embarked on the most radical restructuring of all. Back in 1988, it took the unusual step of reorganising itself around four market segments – owner-managed businesses, financial services, large and quoted companies and corporate recovery – rather than disciplines such as audit, tax and insolvency. The managing partners in charge of the four groups were responsible to the national managing partner for agreeing and meeting profits. Beyond that, they were left to their own devices.

The architect of this plan was Mr Clive Bastin, who left the firm last December to pursue a career in industry. His successor, Mr Peter Stafford, is adamant that Bastin's legacy is in essence unchanged. Yet there appears to be some backtracking from Bastin's structure – what Stafford calls a modification – and the divisional managing partners are no longer responsible for profits.

Spicer's figures for the 1989-90 financial year have not been released yet , but as for other firms they are likely to be good. However, Mr Stafford, like Mr Hugh Aldous at Robson Rhodes, is candid about the prospects for 1990-91, and says it is going to be difficult to grow this year. In difficult market conditions, the emphasis will be on focus, efficiency, quality of business, the improvement of margins. Thus last week's move to cut staff and close an expensive office in King Street , Covent Garden. (Among the people to leave last week was Mr Alan Hodgart, recruited from Deloitte Haskins & Sells to run the division in February last year).

'Perhaps the most attractive place to work as an accountant in the profession today is in one of the smaller, boutique-style firms.'

Medium-sized firms, and slightly smaller ones, are very keen on the virtues of small but highly profitable niche markets. The list of firms and their specialisations is a long one, but take one or two obvious examples: Stoy Hayward in the property and leisure businesses; Buzzacotts, Binder Hamlyn, McIntyre Hudson and Smith & Williamson in investment management. Other firms specialise in insolvency, farming, education, the high net worth individual, and so on.

In this context, it is not surprising that Mr Stafford chose to retain Spicer's highly-regarded team of consultants servicing the professional partnership market, although this formed part of the Spicer Consulting Group's London practice.

The trouble with dominating a niche is that one soon bumps up against a ceiling of growth. All the same, perhaps the most attractive place to work as an accountant in the profession today is in one of the smaller, boutique-style firms. Entrepreneurial spirit is not quashed by bureaucracy and one can become a partner in one's late twenties.

The real pressure is on the larger medium-sized firms. In the short-to medium term, the challenges for them will be to establish some sort of distinctive presence in the markets in which they operate and to remain profitable as turnover growth declines. Longer term, they will have to find ways of making themselves attractive to the entrepreneurial accountants of the future: how they will do this remains to be seen.

Perhaps some of the firms will merge with one another: after all, defensive mergers are not unknown among the bigger firms. Or they may show signs of suffering the slow decline which appears to be afflicting their peers across the Atlantic.

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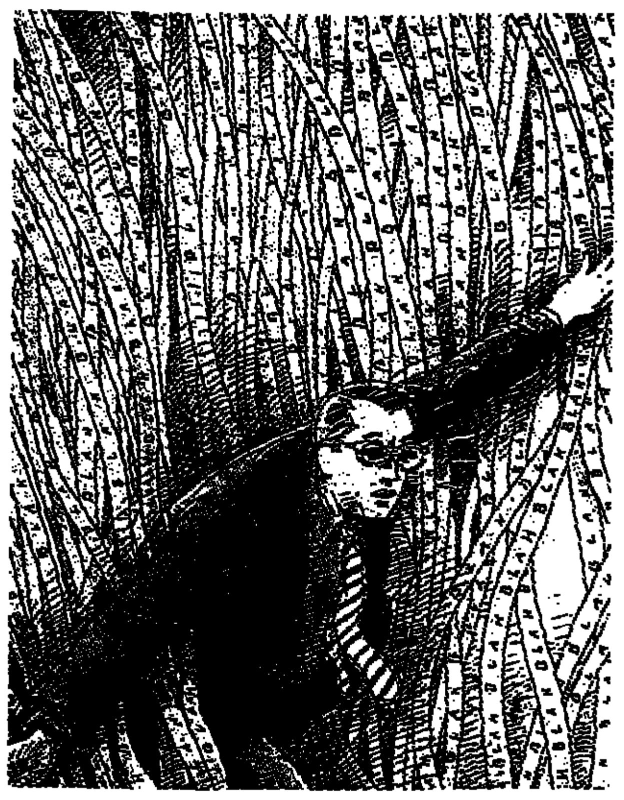

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The Geological Society

CHIEF ACCOUNTANT

London W.1. — **c£24,000**

The Geological Society's principal aims are the furtherance of research in the geological sciences and the dissemination of knowledge of the subject amongst its members, other scientists and the general public.

The successful applicant will report directly to the Executive Secretary. You will be responsible for all financial aspects of the Society's activities including accounts, budgeting, financial control and the further enhancement of the computerised systems.

The ideal candidate will be a qualified accountant who is assertive, possesses strong interpersonal skills and is computer literate.

Please send your CV with salary history to Stephen Bowles, Corporate Development Service.

Fraser & Russell
Chartered Accountants
4 London Wall Buildings,
Blomfield Street,
London EC2M 5NT.

Commercial Accountant

Berwick-upon-Tweed — c£35,000 + Car + Bonus

With a turnover exceeding £80 million, our client is the market leader in its field, involving the provision of specialist leisure services to the general public. Since its establishment, continued growth in turnover and profitability has been exceptional. The company has recently expanded into North America and has further ambitious plans for international development.

Following recent decentralisation, they now seek to appoint an accountant who, reporting to the Regional Director, will be responsible for the total financial management and business development of one of the company's major divisions. Initial emphasis will be placed on improving the quality of financial control, management reporting and general financial awareness within the business.

Candidates, aged 26-34, should be qualified accountants who can demonstrate a track record of outstanding achievement to date. In addition to a high degree of technical competence, a hands-on approach, general commercial awareness and self motivation are regarded as pre-requisites. This is considered a development role within the organisation and prospects for the successful candidate are exceptional.

A first class remuneration package is offered, including relocation assistance where applicable. Interested applicants should write to James J. Russell, quoting ref: NE026 at Michael Page Finance, 25 Collingwood Street, Newcastle-upon-Tyne NE1 1JE. Tel: 091-222 0545.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Director

North West — to £32,000 + Car

Our client forms part of the Interiors Division of a major UK plc providing specialist design, manufacture and installation expertise to a range of fast moving service sector businesses. This autonomous, highly profitable subsidiary has well defined plans for expansion of the business both domestically and in Europe.

In order to manage and control this growth, the company wish to appoint a Finance Director. As a key member of the executive team, this commercial appointment carries full responsibility for finance, administration and the development and installation of fully integrated financial control systems. The individual will also be expected to make a significant contribution to the strategic development of the business.

The successful candidate will be an ambitious, qualified accountant aged 28-36, able to demonstrate achievement within a commercial environment. Highly developed interpersonal skills, self motivation and familiarity with computer based systems are essential for this highly demanding appointment.

Comprehensive relocation facilities are available, and interested applicants should forward a full curriculum vitae, quoting reference 401, to Diane Forrester ACA, Michael Page Finance, Executive Division, Clarendon House, 81 Mosley Street, Manchester M2 3LQ. Tel: 061-228 0396.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Finance Manager / Deputy General Manager

ZAMBIA

Lonrho Zambia Limited covers a wide variety of industrial and commercial enterprises and forms a major Management Region within the Lonrho Group. We seek to appoint a high calibre, qualified, accountant, with strong leadership qualities, to the position of Finance Manager within one of our subsidiary groups of companies. He will also act as Deputy to the General Manager.

The Finance Manager is responsible to the Regional Financial Controller for all aspects of the financial management of this group of companies. Candidates should have experience, preferably in an African context, in the following areas:—

* Monitoring and improving company performance
* Administrative management of Accounts Departments
* Preparation of Budgets, and Management and Statutory Accounts
* Treasury Management
* Taxation

Zambia, with a stable environment and a lovely climate, has much to offer the expatriate. Attractive conditions of employment include a local salary, a monthly US$ payment, generous local allowance, car, accommodation, servants' allowance and end of contract gratuity. Contracts are for two years, generally renewable.

Please apply with details of career, qualifications and marital status, quoting reference No. V.550, to:

The Group Personnel Manager
LONRHO Plc
Cheapside House
138 Cheapside, London EC2V 6BL.

Financial Controller

up to £30,000 + Bonus + Car — North Wales

This is an outstanding opportunity to head the finance function of an autonomous manufacturing unit. Part of one of the country's major plc's, it has a current turnover of £60 million and employs over 500 mostly on a continuous shift basis.

As a key member of the senior management team, the position reports to the Director and General Manager with responsibility for the overall control of all financial and management accounting information as well as the responsibility for the systems department.

You must be a qualified accountant preferably in the 32–45 age range with an impressive track record in financial management including the development of computerised management systems. You will probably be heading up the finance function of a sizeable manufacturing unit and now looking for a new challenge. This is essentially a 'hands-on' role in which you will be expected to work closely with your senior colleagues in developing the business.

Salary is negotiable to the level indicated and the attractive benefits package includes a performance related bonus, fully expensed quality car, and relocation assistance, where necessary, to this very attractive region.

Candidates who meet this specification should write with full cv, quoting Ref: AR/188 to Derrick Franks, March Consulting Group, 36-39 Waterfront Quay, Salford Quays, Manchester, M5 2XW.

MARCH

Commercial Accountant

ASA International

Southern England — Salary Negotiable

BOCM Silcock is part of the worldwide Unilever Agribusiness Group, manufacturing and marketing a sophisticated range of high quality products. Currently the leading agricultural supplier in the UK, their ambitious growth plans are clearly indicated by the 14 acquisitions made in the past 12 months.

We seek to appoint to the management team, a young accountant who will take responsibility for developing the management information control system for the principal division of BOCMS. This will involve maintaining a close working relationship with Directors and Area General Managers.

Direct responsibilities include:

- Providing commercial advice to the marketing department on pricing positions on raw material commodities, product launches and promotions.
- Assisting in developing and monitoring acquisition operating plans.
- Supervising the preparation of Divisional financial information and providing accounting support for the export operation. This will include implementing new operational accounting systems and acting as Commercial Manager for the unit.

As a Commercial Manager within Unilever your future career is expected to develop through some of the most successful FMCG companies in the world, both at home and overseas:- Birds Eye Walls, Lever Brothers, Brooke Bond Foods, Elida Gibbs, etc. Candidates who will be qualified accountants aged 25-28 will require the personal qualities necessary to succeed in a challenging international market.

For full details telephone or write with CV to Charles Cotton, ASA International Limited, Vernon House, Sicilian Avenue, London WC1A 2QH. Telephone 071-831 2881.

ASA International ASA INTERNATIONAL

Group Finance Manager

(Deputy to Finance Director)
Major Plc

£40,000+ p.a. and benefits

A national group based in Scotland, a market leader in its sector, wishes to recruit a Group Finance Manager. Whilst responsibility will be for all Finance functions, most day-to-day work will be involved in acquisitions, long term planning and ad hoc exercises, dealing with Divisional Managing Directors, Group Board Members and other senior external finance personnel.

Candidates, age 35 - 42, will be graduate qualified Accountants with good commercial exposure since leaving the profession, including central finance function experience. Communication skills and a diplomatic personable approach will be looked for.

Apply in confidence, stating exactly how you meet our client's requirements, to Hamilton Howatt FCA, ERP, 310 Chester Road, Hartford, Northwich, CW8 2AB or tel: 0606 883100, quote Ref. 597. Both men and women may apply.

ERP
in association with
John Courtis and Partners

Finance Manager

Securities House

City — Package to £50,000

Our Client is a small, highly focused UK Securities House, which is wholly owned by a leading European Bank with a large international network. They have grown steadily since incorporation, and are trading profitably. Their business concentrates on Domestic Government Bonds, a growing equities business and a Futures operation. The need has arisen for a young Finance Manager, with drive and ambition to assist senior management.

Reporting to the Director of Finance and Administration, the appointee will play a key role in managing the firm's future growth and development. Responsibilities include managing the accounting function, internal and external reporting including management accounting and TSA returns, systems and controls, tax computations, cash and exposure management etc.

Candidates should be qualified accountants with relevant experience managing a small team within the Securities industry. Probably aged between 27 and 32, they should possess computer skills, a commercial awareness, and must be able to work under pressure to meet tight deadlines. Prospects for future advancement are particularly strong.

Interested candidates who meet these criteria should send a comprehensive CV including current salary and a daytime telephone number to Peter Sabine quoting reference LM214 to Spicers Executive Selection, Friary Court, 65 Crutched Friars, London EC3N 2NP.

SPICERS EXECUTIVE SELECTION
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

High-Calibre

CORPORATE ACCOUNTANT

Senior Role . . . International Group

North West — £30-35k package + car + benefits

With Group turnover approaching £75m, our holding company client controls a number of subsidiaries operating in diverse markets. Group policy places emphasis on continued growth, in all aspects of operation in the UK and overseas; plans for expansion are gathering momentum, involving both organic growth and substantial acquisitions. With this level of activity in mind, the executive team at the centre now wish to make an important new appointment by recruiting a highly talented financial professional.

The size and complexity of the Group will present constant challenges on the technical front, as you help to raise reporting standards, highlight key performance criteria, and evaluate Group-wide information received at the centre. Additionally, you will work closely with the Group Chief Executive and Finance Director in developing corporate strategies, dealing with merchant banks and other external parties and liaising at the highest levels both within and outside the Group.

To succeed here, you will be a graduate Chartered Accountant enjoying a successful career either within the profession or in industry. Sound technical skills will be matched by strong commercial awareness and excellent communication abilities.

This is an outstanding opportunity to join a dynamic international Group at an exciting point in its development; the future will present excellent promotion prospects.

Please apply to our Manchester office where your contacts are Audrey Shaw and Lawrence Barnett. Ref: M369

ASB
ASB RECRUITMENT LTD
Amethyst House, Spring Gardens
Manchester M2 1EA. Tel: 061-834 0618
Also at: Birmingham, Leeds, Liverpool, Nottingham and Swindon
A Division of ASB Barnett Kinnings Plc

Conair Churchill manufacture a wide range of auxiliary equipment for the plastics processing industry and have a vacancy for a:-

FINANCIAL CONTROLLER

to join our management team. The successful candidate will be fully qualified (ACCA or CIMA) and have a number of years post qualification experience with a manufacturing company.

Responsibilities will include all accounting activities, monthly/weekly reporting, systems analysis, costings, cashflow forecast both long and short term, budgets and general office management, secretarial duties and sales support including export in all financial aspects of contracts. We operate a mainframe computer system (IBM AS400/MAC-PAC).

The Company offers excellent remuneration package including company car, BUPA etc.

Applicants should write in confidence giving full career details including age and current salary to:
Mrs Erdmuthe Munro, Personnel Officer, Conair Churchill Limited, Riverside Way, Uxbridge, Middlesex UB8 2YF.

CONAIR
CHURCHILL

I.A.D. urgently require

GROUP FINANCIAL CONTROLLER

OVER £30k PLUS CAR

We are a leader in Automotive Engineering Design with a growth record which is based on quality, flexibility and customer service. The company undertakes projects on a worldwide basis and currently has subsidiaries in Europe and the U.S.A.

A vacancy has arisen for a professionally qualified computer literate Financial Controller with a 'hands on' style. Reporting to the Financial Director and with responsibility for qualified staff and a department of over 20, the successful candidate will have the opportunity to review the current organisation and support the continual improvement in financial project cost controls. Experience of personal taxation would be a distinct advantage.

Anyone interested in this appointment should write to or telephone
Mr Les Walker,
Personnel Manager at:-

International Automotive Design
I.A.D. House, Dominion Way, Worthing, Sussex BN14 8LU. Tel: (0903) 210131

IAD

Finance Manager

NW London — to £35,000 + car

Fast growing service-based company, part of major UK group, seeks competent accountant and manager to be responsible to FD for financial control team, with particular opportunities for personal contribution to staff development, information and control systems and practice and communication with operating departments. Successful results will be very visible.

Candidates must be qualified accountants aged over 30 who have experience of financial control for a substantial computerised profit centre. Strong interpersonal skills, systems exposure and tax (including VAT) knowledge would help.

For fuller details write in confidence to John Courtis at JC&P, 104 Marylebone Lane, London, W1M 5FU, demonstrating your relevance clearly and quoting 7232/FT.

John Courtis & Partners
Search and Selection

APPOINTMENTS ADVERTISING

appears every Wednesday and Thursday, Friday (International edition).

GREATER MANCHESTER

up to £30K + CAR + BENEFITS

Financial Controller

Our client is a major privately owned international chemicals group, with global turnover in excess of $1.5 billion. The group is expanding its European operations which include a UK subsidiary based in Greater Manchester. Turnover is expected to reach £50 million during 1990. Expansion will take place throughout Europe by organic growth, acquisition and joint venture.

Reporting to the European FD, and a key member of the UK Managing Director's management team, you will be responsible for all finance matters for the UK plant and contribute to the management of the operation. With the planned introduction of new computerised systems, a key task initially will be to ensure the implementation and compliance with procedures and controls for the administration, reporting and planning of the company's activities.

Candidates will be qualified accountants with experience of sophisticated accounting systems and running an accounts department in a manufacturing environment. You must be a good communicator with strong leadership qualities, practical and innovative. There will be career advancement prospects in financial and line management roles.

Please send full personal and career details, including current remuneration level and daytime telephone number, in confidence to Peter Evans, Coopers & Lybrand Deloitte Executive Resourcing Limited, Abacus Court, 6 Minshull Street, Manchester, M1 3ED, quoting reference E505.

Coopers & Lybrand Deloitte — Executive Resourcing

Corporate Finance Director

West Yorkshire — £35–£40,000 + car + benefits

Our client is a successful, US owned company with a multi-site UK manufacturing and distribution consumer goods operation enjoying a turnover of c£50M.

At a time of considerable organisational change and development the company now seeks to recruit a Corporate Finance Director capable of making a significant contribution, operationally and strategically, to business growth.

Reporting to the UK MD, the successful candidate will be responsible operationally for providing leadership and direction to a c50 person finance staff, maximising individual and team effectiveness, accountability, motivation and development. In addition the appointee will be a member of the small senior management team involved in overall business planning.

Applicants should be qualified graduate accountants, over the age of 35, with broad financial and management accounting skills and experience in a consumer goods environment.

Strong leadership skills and the capacity to manage change are essential qualities for a position which also requires objectivity, creativity, decisiveness and business flair.

If you are interested in this challenge please send a full CV including current remuneration details and quoting reference F/963/B to Paul Bailey, Ernst & Young Search and Selection, Lowry House, 17 Marble Street, Manchester M2 3AW.

Ernst & Young

SEARCH AND SELECTION

FURTHER EXPANSION CREATES SIGNIFICANT NEW MANAGEMENT ROLE

c.£50,000 + BENEFITS + CAR

Senior Finance Executive

BLETCHLEY HERTS

Our client, part of a blue-chip group, one of the success stories of the 80's and a leader in the communications field, continues to grow. Their ambitious expansion has led to the creation of a new position for a Senior Finance Executive.

Initially managing a department of eighty and growing quickly to three hundred, you will be responsible for all the financial accounting functions within this major organisation. As well as ensuring the provision of core financial services to the regional businesses, you will need to develop sound accounting policies and systems for the company. Additionally, following their latest acquisition, you will need to manage the smooth integration of these accounting systems.

To take advantage of this significant opportunity, you must be a qualified accountant with an impressive track record, gained preferably in a service industry. Of paramount importance, however, will be your excellent interpersonal and management skills, coupled with an energetic and assertive personality. The successful candidate should have ambitions that will take full advantage of the superb career opportunities offered.

If this position interests you, please send your CV to our advising consultant, Camilla Copp at Seer Selection Ltd, Marcol House, 293 Regent Street, London W1R 7PD. Alternatively, telephone her on 071-631 0479 during office hours or 081-543 7508 evenings and weekends.

SEER

Seer Selection
RECRUITMENT CONSULTANTS

FINANCE MANAGER

Greenfield Opportunity With European Oil Company

SW London — c.£30,000 + car + benefits

Our client is a major oil conglomerate with interests in exploration, refining and retail. The Company has ambitious plans to become a substantial presence in the UK retail market, through the development of recent acquisitions and significant investment in new retail sites over the next five years.

This new position, which reports to the UK Finance and Planning Director, will have responsibility for developing the UK head office finance function. The role is all-embracing, but will focus, in particular, on the development of accounting policies and controls and the introduction of new computerised systems.

There will be extensive liaison with the UK subsidiary operations, the European parent organisation and external sources of finance.

Candidates will be young graduate chartered accountants with strong commercial awareness, sound analytical skills and a practical 'hands-on' approach to problem solving. Of equal importance are enthusiasm, drive and the potential to play a substantial role in the future success of the business.

Please write, in confidence, enclosing full career details to Bernadette Laffey quoting reference R5924.

KPMG Peat Marwick Selection & Search
70 Fleet Street, London EC4Y 1EU

Group Financial Controller

£30–£35,000 + Car
Bristol

This successful, £10M, expanding, privately owned electronics company with sales operations worldwide requires a Group Financial Controller.

The position reports directly to the Managing Director and takes responsibility for:

- the control and direction of the accounts and administration functions
- the provision of accurate and timely management and financial accounts (including consolidation of foreign currency accounts)
- overseeing the continuing development of the company's computerised systems
- cash management and budgetary forecasting
- providing financial advice to senior management.

The successful applicant will be qualified (ACCA/CIMA/ACA), aged 30-40, with several years financial and management accounting experience gained in a manufacturing/engineering environment. In addition to management and communication skills, previous experience with computerised systems is essential.

An attractive remuneration package will be offered to include a negotiable salary, company car, contributory pension scheme and private medical cover. Relocation expenses will be paid where appropriate. Candidates should write enclosing a full CV with salary details and quoting reference MCS/9004 to:

Sue Lane
Price Waterhouse
Management Consultants
Executive Selection Division
Clifton Heights, Triangle West
Bristol BS8 1EB

Price Waterhouse

Finance Director

International Charity — £30k +

We are one of Britain's largest international charities with an enviable record of growth in funding and diversity of services. Our income this year will exceed £25 million and a strategic plan for further sustained development over the next ten years is in place.

The Finance Director plays a key role in our Senior Management Team, working closely with the Director General in developing financial policy, taking direct responsibility for all financial, taxation and investment matters, as well as directing our IT function.

In addition, the increasing complexity of the relationship between the voluntary and statutory sector plus our growing interests in commercial activities provide us with many challenges in developing our services. Essentially the role offers considerable opportunity for influencing the charity's development by using your skills in an innovative and creative fashion.

We are seeking a qualified accountant with at least 10 years experience at Senior Management level, probably as Financial Director/Controller. Your management and communication skills must be as well developed as your pure technical expertise. Experience of in-house computer systems, policy development and providing internal management consultancy services is essential. Professionalism and a record of practical achievement is of more value to us than direct experience of working within the voluntary sector.

Salary £30,000+. Charity car provided, Central London base.
Please apply with detailed cv to Colin Mitchell,
Personnel Director, Help the Aged,
St James's Walk, London EC1R 0BE.
Closing date: 18th May 1990.

Help the Aged

INTERNATIONAL APPOINTMENTS

stima
EUREN GROUP

Il nostro cliente è un prestigioso Gruppo industriale italiano, multinazionale e multiprodotto, a capitale interamente privato; opera a livello di avanguardia tecnica e tecnologica e mantiene sul mercato europeo posizioni di leadership o, comunque, sempre di eccellenza; occupa 300.000 addetti, dei quali circa 60.000 operanti nelle Società estere presenti in oltre 50 Paesi.

Il Gruppo ricerca per la propria Tesoreria Internazionale, che ha sede in Italia presso la Società Capogruppo, le seguenti figure professionali:

Our client is an important, multinational and multi-product Group, based in Italy, 100% privately owned: it operates at an advanced technical and technological level and has successfully maintained a top position for its products within the European market in both quality and quantity terms. It employs 300,000 workers, of whom approximately 60,000 work ouside Italy in more than 50 countries.

The Group is now looking for the following people to expand its International Treasury Department, based at the parent company's head office in Italy:

HEAD OF CAPITAL MARKETS TEAM

Il candidato a tale posizione dirigenziale dovrà aver acquisito una esperienza specifica di almeno 4-5 anni nella gestione delle attività e passività finanziarie e, in particolare, nella emissione di euro-obbligazioni e nell'utilizzo di strumenti di copertura del rischio di tasso di cambio e d'interesse.

È preferibile un'età non superiore ai 35 anni.

Suitable candidates for this managerial position are likely to have at least 4-5 years' working experience of asset and liability management and in particular of Euro-bond issuance and all hedging products for both interest rate and foreign exchange risk management.

Candidates should be preferably under 35.

MONEY MARKET & FOREX OPERATOR

Il candidato sarà responsabile della definizione della manovra finanziaria giornaliera e della sua realizzazione tramite operazioni di finanziamento, di investimento e di copertura in cambi.

Saranno considerate candidature di età preferibilmente non superiore ai 30 anni.

The successful candidate will be responsible for the definition of the daily cash management activity and its implementation through funding (including commercial paper issuance), investment and forex transactions.

Candidates should be preferably under 30.

Per entrambe le posizioni sono richieste la laurea (preferibilmente in Economia e Commercio) e, indipendentemente dalla nazionalità, la conoscenza della lingua italiana e della lingua inglese; l'esperienza professionale specifica dovrà essere stata acquisita presso istituti internazionali di credito oppure in società multinazionali.

La sede di lavoro è situata in **Italia Settentrionale.** Le condizioni retributive e di inquadramento, unite ai fringe benefits, saranno tali da soddisfare le candidature più qualificate.

Gli interessati sono pregati di inviare a **Stima** un curriculum personale e professionale dettagliato, citando in indirizzo il riferimento **39/90** e indicando un recapito telefonico per una più rapida convocazione. I candidati più rispondenti ai requisiti previsti saranno invitati ad un colloquio riservato nel Paese di residenza e, previo loro consenso, presentati al nostro cliente.

Applicants for both posts should be graduates (preferably with a degree in economics and business studies) and with a good knowledge of both English and Italian; specific experience is likely to have been acquired within an international banking institute or multinational company.

*The posts will be located in **northern Italy.** Remunerative package and contract, in addition to other fringe benefits, will satisfy the best qualified applicants.*

*Candidates are invited to send a detailed personal and professional C.V. to **Stima**, quoting the reference no. **39/90** and giving a telephone number for immediate contact. Candidates who most closely match the specific requirements will be invited to attend an interview in their country of residence and, if they agree, be introduced to our client.*

STIMA - Management Search
10125 TORINO - Corso Marconi, 13 - Tel. (039) 11/6690143

Il presente annuncio verrà pubblicato contemporaneamente su.
The present advertisement will be published simultaneously in:
THE FINANCIAL TIMES / IL SOLE 24 ORE

THAMES TELEVISION

Teddington Studios

Following recent internal promotions and re-organisation within our Finance Department, we are currently seeking 2 accountants with drive and enthusiasm to make a significant contribution towards the systems and services operated for the trading divisions of Thames Television PLC.

GROUP ACCOUNTANT

Salary range £25,000-£28,000 + benefits + car

Reporting to the Chief Accountant you will be responsible for the production of the monthly Group Accounts and analysis of Group variances together with the production of IBA Returns and Annual Budgets.

You should have at least 2 years' post qualification experience in Management Accounting, be a proficient spreadsheet user and be able to demonstrate the skills required in managing a small team.

DEVELOPMENT ACCOUNTANT

Salary range £22,000-£25,000 + benefits + car

Reporting to the Financial Systems Manager you will be required to develop and control Group Financial Policy and implement improvements to the current financial systems.

The successful candidate will be newly qualified with commercial and systems implementation experience and possess excellent oral and written communication skills.

If you are interested in applying for either of the above positions, please telephone or write for an application form which should be completed and returned to Carolyn Carrington, Personnel Officer, by Thursday 17th May 1990.

Thames Television PLC
Teddington Studios
Teddington Lock
Middlesex TW11 9NT
Tel: 01 (081) 977 3252 ext 2325

Thames Television, striving for equality in employment

AMD 3114 Financial Times

HEAD OF FINANCE

Northern Home Counties — **c. £30,000 +Car +Relocation**

This influential appointment is the senior accountancy role within an autonomous division of a blue chip group. The division is engaged in the manufacture, marketing and distribution of consumer goods and has a turnover of £65m.

As a key member of the general management team, the successful candidate's primary responsibility will be the provision of strict financial control in a wide ranging and developing business. Particular emphasis is to be placed on timely financial monthly reports, systems development matters and support to operational management in the provision of essential management accounting information.

Applications are invited from proactive, ambitious and academically sound qualified accountants, ideally aged 28-38, who can demonstrate strong technical flair, experience of computer development and implementation, proven staff management ability and a record of achievement in substantial commercial organisations.

This first class vacancy is both demanding and challenging and offers scope for continued career development in a dynamic organisation which is enjoying profitable organic growth.

For further information, please contact **Malcolm J Hudson.**

HUDSON SHRIBMAN

FINANCIAL EXECUTIVE – EUROPE

Watford — **c.£30,000 + car**

Does your present role expose you to complex business issues? Do you have the vision and expertise to deal with Europe-wide initiatives?

Sun Chemical is a world leader in the printing ink industry, with growth presently focused upon Europe and a billion dollar plus turnover.

With emphasis currently upon consolidation of financial systems and procedures our Group Finance Director now needs a "second in command" to provide practical "hands on" support in this major initiative.

Probably under thirty and used to operating in a high profile environment, the individual we are seeking will hold a recognised accounting qualification. Language skills are desirable, and some European travel should be anticipated. Experience in a manufacturing industry would be a further advantage.

In an organisation which firmly believes in development from within, career prospects are excellent, and the successful candidate would be expected to take on significant managerial responsibility according to ability and performance. Compensation and benefits are competitive and can include relocation expenses if appropriate.

If you are ready for the challenge involved, please send your current C.V. to: **Mr John H Phipps, Director of Human Resource, Sun Chemical – Europe, Cow Lane, Watford, Herts WD2 6PL.**

Sun Chemical

FINANCIAL CONTROLLER

Industrial Distribution

£35,000 + benefits + executive car — London

Our client is a successful, multi-branch distributor of industrial products with sales of £20,000,000 p.a. The person appointed will play a key role through the development and control of the commercially orientated financial services division.

You must be a fully qualified accountant with significant senior level experience in a merchant business, preferably in the industrial market sector.

Reporting to the Group Managing Director, you'll find this challenging role will offer good scope for entrepreneurial flair, as the company is poised for further development. An excellent opportunity exists for promotion to board level.

The management of real time and integrated computer systems is a key area of responsibility, as is the production of sound practical management information that focuses upon profit generation.

Applicants seeking to make a decisive and long term career change should send a full c.v., quoting ref: HAR103/FT, which will be forwarded to our client unopened. Companies to whom you do not wish your details to be sent, should be listed in a covering letter and be marked for the attention of: Confidential Reply Manager, Nucleus Advertising Ltd, Walter House, 418-422 Strand, London WC2R 0PT.

NUCLEUS advertising

PQE

LONDON SW1 £28,000

Qualified Accountant

Subsidiary of extremely profitable and prestigious group of companies seeks a Qualified Accountant to take responsibility for the timely preparation of management/financial information and management/financial accounts plus supervision of 3 acounts staff. 'Shirt-sleeves' approach is essential. The environment is highly computerised with widespread use of PCs involved.

Ref: 18254B

Contact the PQE Specialist advising on this appointment at 76 Cannon Street EC4 01-489 9997

WINDSOR c£29,000 + car

Financial Controller

'Shirt-sleeves' accounting and administration opportunity which offers plenty of scope to a qualified with commercial flair. Reporting to the MD of this rapidly expanding service company (£6m t/o), you will be responsible for European reporting, consolidations, management accounts, commercial decision-making and general administration.

Ref: 66264B5

Contact The Manager at 9 Peascod Street, Windsor 0753 851447
Or the PQE Specialist advising on this appointment on 01-489 9997

HERTFORDSHIRE £28,000

Company Accountant

Well-established building contractors requires a Company Accountant to report to the Deputy Director. Role will entail the use of both computerised and manual accounting systems and the supervision of the maintenance of a computerised ledger. The use of spreadsheets and assisting with implementation of new systems also involved. Possible future directorship!

Ref: 02060

Contact The Manager at 8 The Town, Church Street, Enfield 01-363 1344
Or the PQE Specialist advising on this appointment on 01-489 9997

OXON c£27,000 + car

Financial Accountant

International manufacturing plc seeks a commercially experienced ACA/ACCA/ACMA for a demanding staff management position that reports to the Financial Controller. As well as having overall control of financial acounting, you wil lbe developing systems and procedures to handle the company's steady expansion. Good prospects available.

Ref: 44244A5

Contact The Manager at 138 High Street, Oxford 0865 794797
Or the PQE Specialist advising on this appointment on 01-489 9997

N.W.KENT £30,000

Finance Director/Managing Director

As Finance Director/Managing Director you will have the opportunity to become involved with the general management of this established publishing company and will be responsible for the total finance function of the company and operations. This autonomous role will also involve the supervision and motivation of staff and new business negotiations.

Ref: 16575

Contact The Manager at 104 The Broadway, Bexleyheath 01-304 8211
Or the PQE Specialist advising on this appointment on 01-489 9997

SLOUGH c£25,000

Recently Qualified

Maximise your career prospects by joining the young team of graduates at this high-profile consumer durables multinational. The company offers a stimulating role that features control of the corporate reporting systems, quarterly UK acounts, tax planning and overseeing capital projects. Promotion within 2 years is available for a dedicated individual.

Ref: 49234C1

Contact The Manager at 164 High Street, Slough 0753 76677
Or the PQE Specialist advising on this appointment on 01-489 9997

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REED... accountancy

GROUP FINANCIAL CONTROLLER
EXPANDING PLC, LANCASHIRE
CIRCA £30k + car and benefits

GASKELL PLC is a successful quoted company, controlling a Group of four trading subsidiaries in the carpet sector. The Group has an enviable reputation for quality of product and service to customers and is growing rapidly within its chosen markets. Annual turnover is £40M with net pre-tax profits of over £2M. Further significant growth is planned during the next few years from a well-established trading base.

In order that the financial systems and controls are further developed and improved during this period of growth, the Group is seeking to make an appointment to the new position of Group Financial Controller. Reporting to the Group Financial Director, he/she will be responsible for the day to day operation of the Group finance function. Specific responsibilities will include the preparation of monthly financial reports, annual forecasts and budgets and statutory accounts. The successful candidate will have a key role in the development and implementation of computerised systems throughout the Group.

The ideal candidate will be educated to degree level with a Chartered Accountancy qualification and may already be in his/her first post in industry. We are looking for a high level of technical competence together with a bright and confident personality and the maturity to be able to influence decisions at Board level. Prospects for the person who makes a success of this role are excellent and the position represents a very important career opportunity.

Please reply in confidence including a full cv together with an explanation of why you wish to be considered for this position, to Mr J.C. Kay at the address below, not later than 11 May 1990.

GASKELL PLC

J.C. KAY, GROUP FINANCIAL DIRECTOR, GASKELL PLC, PO BOX 10, LEE MILL, BACUP, LANCASHIRE OL13 0DJ

GROUP ACCOUNTANT

MILTON KEYNES — **c£27K PACKAGE**

Expanding geophysical/offshore equipment group (T/O £5M+) requires qualified accountant aged 24-30, probably ACA with commercial PQE, to head small accounts department. Responsibilities include accounts preparation and financial reporting, systems design and implementation, budgeting and forecasting.

This is a challenging role for a determined and authoritative young accountant who is prepared to work hard to achieve career goals.

Please reply enclosing fully detailed CV to:

The Directors, ADDISON & BAXTER GROUP
24 Linford Forum, Rockingham Drive, Milton Keynes MK14 8LY

CHIEF FINANCIAL OFFICER

Small growing International Stock Exchange and Securities Association member seeks a self motivated practical individual to manage all our financial affairs. The individual must be able to complete all TSA reporting statements, and prepare comprehensive management accounts.

Salary commensurate with duties.

Write Box A806, Financial Times, One Southwark Bridge, London SE1 9HL.

An opportunity to influence strategic change from a key position in group finance.

GROUP ACCOUNTANT/TREASURER
AGE LATE 20s TO EARLY 30s

SURREY — **TO £35,000 + CAR + BONUS**

Our client is a quoted information technology group which has recently commenced a period of strategic reorganisation. With the group's efforts aimed at markets in the UK, USA, and Europe, their main objective now, is to achieve a leading position as suppliers of systems which provide state of the art command and control capabilities.

Reporting to the Group Financial Director the role offers a broad range of responsibilities. They include the management of cash & foreign exchange exposure, group reporting & forecasting, and the provision of advice to senior management on statutory & taxation matters. In addition there will be many ad hoc investigations and analytical projects.

The position offers considerable challenge arising from technical and commercial issues. The Group Accountant/Treasurer will make a visible contribution to the financial management of the changes now taking place. This opportunity should therefore provide an excellent basis for career growth.

The person appointed will need character, flexibility, and good business sense. Candidates will be qualified accountants with a minimum of two years post qualification experience and ideally some background in a commercial environment.

For further information please telephone James Whelan on 081-549 3444 or 081-547 3671 (24 hours). Alternatively, write to him enclosing your C.V.

JAMES WHELAN SELECTION
FINANCIAL RECRUITMENT CONSULTANCY

SURREY HOUSE · 34 EDEN STREET · KINGSTON UPON THAMES · SURREY · KT1 1ER

OIL/GAS ANALYST
LONDON
£25K-£30K

PowerGen is one of the three new generating companies created from the CEGB under the Government's plans for the privatisation of the U.K. electricity supply industry.

The Fuel Forecasting branch of the Commercial Division is based in our London Office and provides forecasts, analysis and policy advice on all aspects of fossil fuel supply.

As a Senior Analyst, you will lead a small team engaged in analysis of the oil and gas markets. This is a challenging and wide-ranging brief covering the development, maintenance and evaluation of forecasting models; the production of regular forecasts and market briefing using in-house and external expertise as appropriate; and the provision of specialist advice, often at short notice.

You will have a good first degree, preferably in economics, business studies or other numerate discipline, and an MBA would be an advantage. You should have commercial experience, preferably in the oil or gas industries and a well-developed ability to analyse complex issues and formulate innovative solutions, using computer modelling techniques where appropriate. Good oral and written communication skills are essential as is the ability to work to tight deadlines.

Please write enclosing full career details including qualifications and current salary, quoting vacancy reference PV11/90 to, The Personnel Manager, Field Services, PowerGen plc, Haslucks Green Road, Shirley, Solihull, West Midlands, B90 4PD.

As an equal opportunity employer we welcome applications from men and women including ethnic minorities and the disabled.

POWERGEN

BUSINESS PLANNING AND DEVELOPMENT MANAGER

Surrey — **To £40K + share options + car**

Our client, **an acquisitive UK plc** with significant overseas subsidiaries, is poised to enter an exciting period of growth both organic and through acquisitions. This necessitates the expansion of their **high profile, head office team.** They seek an individual to assume a broad and varied business planning and development role. Responsibilities will include **strategic/business planning, involvement with acquisitions,** both pre and post purchase, plus the review and development of business systems at both Group and operating division level.

Reporting to the Group Finance Director, the appointee will be a **young, ambitious accountant** with at least two year post-qualification experience or a **MBA** with a relevant commercial background. Personal qualities sought include drive, commitment, enthusiasm and the ability to communicate and contribute at Board level.

The package includes a negotiable basic salary, bonus, **share options,** company car plus the usual fringe benefits. In the medium term, **promotional prospects are excellent.**

For further details and an application form, telephone 021 711 4035 (24 hours) or write in confidence with CV to Peter Page, Senior Recruitment Consultant, 3i plc, 31 Homer Road, Solihull, West Midlands, B91 3QA quoting ref: PP/903.

3i A WEALTH OF EXPERIENCE

A New Challenge in Internal Audit

Buckinghamshire

Turning over £800 million, and employing more than 10,000 people in over 40 locations, our client is the UK subsidiary of one of the world's most successful chemicals/metals groups — a major force in the UK market and a substantial exporter in its own right.

Driven by a five year strategic plan, the Internal Audit Department is highly professional, providing reassurance that effective and efficient management controls, are operating in the UK locations of this highly diverse company. All members of the team are required to have a broad business orientation. Work is carried out on portable Compaq PC's and typically involves 100 - 120 nights away from home - and the possibility of limited overseas assignments.

For both vacancies, full training and extensive support are offered, but much depends on your ability to liaise well at all levels.

Computer Auditor to £28K + Car

Your major role will be reviewing and evaluating computer systems and installations then reporting your observations direct to senior management. In addition you will be required to participate in management control audits and provide technical support to the audit team.

You should be a qualified ACA, with sound audit skills and a good knowledge of EDP. Your post-qualification experience will probably have been gained within commerce and industry and include computer audit.

Internal Auditor to £24K+ Car

You will participate in the review and evaluation of the management controls in our UK operations, reporting your observations direct to senior management.

A recently qualified ACA, ACCA or ICMA, you should have a good grounding in audit, the basic computer literacy to work on a portable Compaq PC, and the communications skills to liaise at all levels.

For further details of these positions, and excellent prospects and benefits attached, please contact Garry Hodnett on 01-323 4434 or write to him at The Wentworth Consultancy, Welbeck House, 66-67 Wells Street, London, W1P 3RB.

The Wentworth Consultancy

CAREER CHOICE

The Financial Times proposes to publish a Survey on the above on

17th October 1990

For a full editorial synopsis and advertisement details, please contact:

Nicholas Baker

on 071-873 3351 or write to him at:

Number One, Southwark Bridge London SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

FINANCIAL CONTROLLER

S.HERTS **to £30,000 + Car**

Our client is the major division of a publicly quoted group who have recently gone through a period of sustained growth, coupled with a considerable number of strategic acquisitions. They now seek to appoint a Financial Controller to co-ordinate and enhance the financial management of the various companies within the division. Reporting to the Finance Director you would be late 20's/early 30's, either ACA or CIMA, with a minimum of two years post-qualification experience in industry, good communication skills and systems/PC knowledge.

This demanding and wide-ranging role embraces management reporting, budgetary control, systems review, statutory accounts and policy co-ordination working closely with top management. If you have a strong, dynamic and enquiring personality then the prospects for you in this forward-thinking group are excellent.

You should, in the first instance, forward your curriculum vitae with covering letter to Anthony D. Payne at:

A M S Applied Management Sciences Ltd

A challenging management opportunity with a leading US corporation.

FINANCIAL CONTROLLER

SURREY **TO £35,000 + CAR + BONUS**

This multinational U.S. corporation has worldwide sales in excess of $2 billion and manufactures a range of speciality products. The role of market driven technology has been central in the organisation's development throughout the 1980's. A challenging opportunity has arisen within one of its UK manufacturing divisions.

The position entails the management of all financial functions at a substantial site in North Surrey. Major aspects of the role include responsibility for 50 staff; the implementation of new computerised systems; the provision of management information, budgetary control and standard costing; credit management; and advising on business performance, accounting policy and taxation. There will be scope for advancement either in the UK or overseas.

Success in the role demands broad management experience gained in a manufacturing environment. As a key member of a small management team strong leadership skills and the ability to communicate effectively are essential. Previous experience of US reporting would be advantageous and knowledge of UK taxation will be preferable. Candidates should be qualified accountants aged 30-45 with the above mentioned attributes.

For further details please telephone James Whelan on 081-549 3444 or 081-547 3671 (24 hours). Alternatively write to him enclosing your CV.

JAMES WHELAN SELECTION
FINANCIAL RECRUITMENT CONSULTANCY
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FINANCIAL CONTROLLER

INTERNATIONAL PUBLIC RELATIONS CONSULTANCY

CHELSEA **c£35,000 + car**

Edelman Public Relations Worldwide, the largest privately owned international public relations company seek a qualified accountant to take total responsibility for our finance function at our London headquarters.

Previous experience in a service industry or communications business would be especially relevant. Technical expertise is taken as read, but we look for someone to take an active role in working with our senior management in developing our business. Experience in the implementation of computerized management information systems would also be relevant.

Please send CV to Gillian Risso-Gill, Personnel Manager, Edelman Public Relations Worldwide Ltd, Kingsgate House, 536 Kings Road, London, SW10 0TE

Public Relations Worldwide
EDELMAN

PORTLAND HOLIDAY Chief Accountant

Up to £33,000 + Car

Portland Holidays is the UK's largest direct sell tour operator, with a turnover of approximatley £70m p.a. It is a subsidiary of the Thomson Travel Group.

The Chief Accountant reports to the Managing Director, is responsible for Financial and management accounts, cash and credit control, price production, long range planning and a department of 15.

Applicants will probably be under 35, qualified, with experience of running a finance department.

Telephone Jo Pearson, at Portland Holidays 071-380 0281 for details.

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